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**No. 2038**



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## LATIN AMERICA REPORT

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## BRAZIL

CONTENTS	PAGE
Economic Crisis Heightens Divisions Within Cabinet (Carlos Chagas; O ESTADO DE SAO PAULO, 5 Aug 79).....	1
Causes of Bickering Among Economic Ministers Analyzed (VEJA, 8 Aug 79).....	5
Rumors Resurface Regarding Changes in Government Team (FOLHA DE SAO PAULO, 1 Aug 79).....	9
Military Conservatives Deem Amnesty Premature (FOLHA DE SAO PAULO, 8 Jul 79).....	11
Figueiredo on Amnesty Bill, Party Reform, Inflation (JORNAL DO BRASIL, 10 Aug 79).....	14
Student Legislation To Be Altered in 1980 (O ESTADO DE SAO PAULO, 3 Aug 79).....	22
Biographic Profile of Presidential Private Secretary (VEJA, 8 Aug 79).....	24

## CHILE

Pinochet Criticizes Critics of New Labor Plan (LA TERCERA DE LA HORA, 27 Jul 79).....	31
Editorial Comments on Recent Statements by Pinochet (Editorial; EL MERCURIO, 29 Jul 79).....	34
Text of Comments by Labor Secretary Pinera on AFL-CIO (EL CRONISTA, 28 Jul 79).....	36

## CONTENTS (Continued)

## Page

Rumors Reported on Possible Harsh Measures Against 'Group of Ten' (QUE PASA, 2 Aug 79).....	39
President of 'Group of Ten' Rios on Labor Plan, Other Topics (Eduardo Rios Interview; ERCILLA, 1 Aug 79).....	40
Government's Labor Plan Said To Weaken Union Movement (Jaime Ruiz-Tagle P.; MENSAJE, Aug 79).....	45
Washington Accused of Destabilizing Efforts (Editorial; EL MERCURIO, 29 Jul 79).....	52
AFL-CIO's Interference in Internal Affairs Criticized (Editorial; EL MERCURIO, 28 Jul 79).....	54
Labor Minister's Stand on AFL-CIO Issue Applauded (Editorial; TERCERA DE LA HORA, 30 Jul 79).....	56
Recent Changes in Economic Policy Analyzed (EL MERCURIO, 21 Jul 79).....	58
Exports, Imports Rise in First Half of 1979 (EL MERCURIO, 26 Jul 79).....	63
Industrial Sector Up 10.7 Percent in First Half of 1979 (EL MERCURIO, 28 Jul 79).....	65
Trade With Brazil Up 10 Percent Over 1978 (EL MERCURIO, 21 Jul 79).....	67
Undersecretary for Foreign Relations Soto on Relations With PRC (Roberto Soto Interview; QUE PASA, 19 Jul 79).....	70
Spanish Shipbuilders Might Invest Heavily in Country (EL MERCURIO, 22 Jul 79).....	76
1978 Trade With Colombia Up 26 Percent (EL MERCURIO, 26 Jul 79).....	78
Possible Nuclear Power Plant Under Examination (EL MERCURIO, 30 Jun 79).....	79

CONTENTS (Continued)	Page
Decision Possible by 1980 on Nuclear Power Plant (EL CRONISTA, 6 Jul 79) .....	81
Uranium Exploration Agreement Signed (EL CRONISTA, 6 Jul 79) .....	82
 <b>CUBA</b>	
Nonaligned Summit Reportage, Interviews With Africans (Various sources, various dates).....	84
Togo Foreign Minister Interviewed, Anani Kuma Akakpo Ahianyo Interview	
Niger Foreign Minister Interviewed, Moumouni Djermakoye Adamou Interview	
Seychelles President Interviewed, France Albert Rene Interview	
Convention Palace Nears Completion	
Panamanian Communist Leader Discusses Canal, Summit Meeting	
(Ruben Dario Souza Interview; BOHEMIA, 27 Jul 79).....	95
Interests in Jamaica, Nonaligned Summit, PRC Aired (Various sources, various dates).....	101
Jamaican-Cuban Relations, by Frank Gonzalez Guyanese Foreign Minister Interviewed, Rashleigh E. Jackson Interview	
Ulterior Motives in U.S. Policy	
General Menendez Tomassevich Chairs UJC Meeting (Havana Domestic Service, 17 Aug 79).....	109
Military Developments: Recruiting Policy, Training (Various sources, various dates).....	110
New Active Service Recruiting Policy, by Angel Rodriguez	
Questions on Policy Answered	
Defense of Engineering Diploma, by Mario Rodriguez	
Holguin Tank Unit Training, by Lesmes La Rosa	

CONTENTS (Continued)	Page
FAR Officer Vanguards Decorated (Havana Domestic Service, 20 Aug 79).....	122
Army Role in Political Organization of Society Explored (Jose Antonio Alonso Monterrey; VERDE OLIVO, 15 Jul 79).....	124
Vilma Espin Addresses FMC on Their 19th Anniversary (Havana Domestic Service, 20 Aug 79).....	130
Twelve Hundred Additional Angolan Children to Cuba (JUVENTUD REBELDE, 2 Aug 79).....	131
National Ballet Concludes Successful U.S. Tour (Virgilio Calvo; GRANMA, 31 Jul 79).....	133
<b>Briefs</b>	
New Statistical Publication	135
Unsanitary Beer Bottling	135
FAR Vanguards Honored	135
Rafael Rodriguez at Vilaseca Ceremony	136
<b>DOMINICAN REPUBLIC</b>	
U.S. Trade Restrictions on Sugar, Textiles Assailed (Editorial; EL NACIONAL, 21 Jul 79).....	137
Guzman Foreign Policy 'Dependent' on U.S., UPA Leader Says (EL NACIONAL, 21 Jul 79).....	139
Oil Company To Cease Local Explorations, Sources Report (Roberto Marcalle Abreau; EL NACIONAL, 21 Jul 79).....	141
<b>MEXICO</b>	
CNE: Inflation But Without Development (EL SOL DE MEXICO, 5 Aug 79).....	143
Resendiz Protests 'Authorized Invasion' of Trans- nationals (EL SOL DE MEXICO, 31 Jul 79).....	145

CONTENTS (Continued)	Page
Japan Will Buy Petroleum at Mexico's Price (EL DIA, 2 Aug 79).....	146
Prediction That U.S. Will Buy Gas at World Price (EXCELSIOR, 3 Aug 79).....	148
URAMEX To Sharply Increase Uranium Mining (EL SOL DE MEXICO, 6 Aug 79).....	150
 <b>NICARAGUA</b>	
Sandinista Leaders Pledge Moderation (Roberto Aguilar; EL SOL DE MEXICO, 5 Aug 79).....	153
Somoza Clan's Stranglehold on Economy Described (Gregorio Selser; CRITICA, 18 Jul 79).....	156
Commander Zero Interviewed on Political Views (Zero Interview; DIE ZEIT, 27 Jul 79).....	166
 <b>VENEZUELA</b>	
Conventional Methods Possible in Orinoco Production (EL UNIVERSAL, 1 Aug 79).....	168
 <b>Briefs</b>	
New Bauxite Deposit	170
Light Crude Production	170

ECONOMIC CRISIS HEIGHTENS DIVISIONS WITHIN CABINET

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Aug 79 p 5

[Article by Carlos Chagas: "President Is Popular, Government Not"]

[Text] Last Tuesday, receiving a steady stream of information about the worsening crisis in Belo Horizonte, President Joao Figueiredo was taken by surprise, and even burst out: "But how can they do this to me?"

He was referring to the unusual public disturbances, with violent clashes between workers and police, looting of stores and burning of several automobiles by unruly crowds. Without denying that some of these events were--as always--inspired by outside agitation, the president realized that to a large extent it was a natural reaction by workers in serious straits, although he could not figure out how such a thing could be happening just as he was launching a policy of liberalism, of reconciliation and national harmony; when his popularity was undeniably at a high level.

Perhaps the key to understanding the rational situation lies in the answer to this apparent contradiction: democratization is advancing and the president is popular. He has managed to fill a void that the public has felt for a long time, but his government has not yet said what is to come in the socioeconomic field. They have found no paths leading to a solution of the social crisis, much less of the economic-financial predicament. The problems of energy and inflation seem to be a long way from being solved or even fully understood.

In a word, the nation is at a standstill because of the model used and given priority, further aggravating social problems and leading to a greater impasse, manifest in what took place in the Minas Gerais capital. This has happened in spite of "Joao's" having restored to the presidency, within an extraordinarily short time, an image of liberalism and ability to reestablish dialog between the government and the governed, if it were not for...

If it were not for the fact that the government appears uncertain, timid and to lack alternatives capable of bringing success in the battle against inflation and in the energy crisis, or at least of counterbalancing the situation with accomplishment in the social field, where nothing can be done.

Even before it took shape the cabinet was already divided between realists and developmentalists, categories which in less than 100 days have been joined by another--that of the frustrated. The former, led by the duo of Mario Henrique Simonsen and Golbery do Couto e Silva, maintained and continue to maintain, even in the midst of new problems arising daily, absolute priority for the fight against inflation, with budget cuts, expenditure reductions, restrictions and cooling-off tactics.

The others, the developmentalists, such as Mario Andreazza and Delfim Netto especially, contend that, along with the needed austerity measures, policies should be adopted that can respond to at least a few popular concerns, through plans for financing low-income housing, investments in public transportation, subsidies for essential foodstuffs and their substitutes.

The third category, not knowing whether to lean to one side or the other, agreeing with arguments now from here and then from there, make up the majority of the cabinet, devoid of power or influence, discouraged by the feeling that they can neither accomplish anything in terms of programs nor participate, since the extremely centralized economic control seldom gives them the opportunity.

Time passes and problems multiply, leading to outbursts such as those in Belo Horizonte this week, just as so many others in the past--and who knows how many tomorrow? To be honest about it, all this is happening because the dictatorship was lifted and General Figueiredo still supports and implements political liberalization, seeking to reestablish democracy. It would have been easy to retain the Medici or Geisel "models," suffocating everything and repressing everything by force. But whether directly or obliquely, the complaints and warnings about this, in conversations, documents or careful analyses, pile up on him. For the time being, his course seems to be bounded by the strategy of the realists. Could there be another?

No one answers, or, at least, no one is presenting any other option in a specific way, although protests against what is being applied or imposed are growing--precisely because the nation seems stalled, and without any apparent results.

But the cabinet is already quarreling within itself: although inflation and energy have priority, many cabinet ministers contend that immediate action in the social field is also a basic necessity, if only to moderate or avoid bigger crises, strikes or mass rioting. They also warn of the dangers of maintaining the current hard line, since unemployment now represents more than a specter and has become a reality for several occupational classes, while development stagnates.

If government orders for big business are greatly reduced, if the energy crisis affects the automobile industry, if credit is restricted, large public works nearly all halted, if commerce suffers and wages continue to be insufficient, it would be necessary to balance the situation at least

indirectly through initiatives such as cheaper food, low-income housing and improved or more accessible mass transportation.

It is worth repeating what has been heard, even among cabinet ministers: the president is popular but the government not, and the nation is feeling the effects of this, which include the social reactions and explosions that, according to all expectations, will tend to worsen if a solution is not found. The problem is that no practical solution exists, except for general allegations of what measures must be adopted on the social level. "How can we support them," ask the realists, "if they will quite certainly contribute to increasing inflation?"

There are those who, knowing Gen Joao Figueiredo's temperament, suggest the possibility that the string will be stretched to the limits of his endurance and eventually be snapped. Such an event would result in fundamental changes and corrections in the cabinet, in policies and even in personnel, but for the time being nothing is changing because the realists are still respected. But who knows whether next year the winds may change? Everything, after all, has its limits, and if the crises continue without being counterbalanced by a decrease in the rate of inflation, which impedes projects capable of avoiding crises... In July inflation increased 4.4 percent, more than expected, due to the new prices for diesel fuel and gasoline. In August it may increase more than 6 percent. At least 50 percent--probably 60 percent--by the end of the year.

The realists, in turn, argue that things would be much worse, perhaps chaotic, if the current restrictive policy were not in effect. Mario Henrique Simonsen even reacted strongly to recent fuel-price increases. The report has been confirmed that he submitted his resignation, not to President Figueiredo directly, but to General Golbery do Couto e Silva. He did not agree with the 50-percent price increase for diesel fuel, which he had to accept, but he managed to prevent, for the present at least, an increase to 14.8 cruzeiros in the price of a liter of gasoline, according to the price list previously prepared by the National Petroleum Council. The chief of the civilian household turned down the resignation, but the planning minister predicted in advance the impact that fuel-price increases would have on inflation, which he wanted to avoid.

On account of the difficulties, and as a result of the government as a whole not having found solutions for the crisis, a game of--at the least--small-mindedness is being played in the ministries most closely related to the economy, to development and to the social problem. Simonsen continues to be under fire from his colleagues and his relationship with Karlos Rischbieter, for example, still leaves much to be desired. The treasury minister, who absorbed the negative political impact of his initial lack of maneuverability, managed to open up a path and today is more influential than he was but --ironically, since he is a realist--is still seeking channels of action.

Delfim Netto, a candidate for governor of Sao Paulo, needs funds for his agricultural goals, but must move cautiously: he does not want to antagonize

Simonsen in the economic discussions even though they disagree on the fundamentals. He knows he could be the victim of a major clash, wrecking his dream of replacing Paulo Salim Malai, who supports him. Murillo Maceio, and for good reason, positions himself in everything and through everything on Simonsen's side in cabinet discussions and whenever possible directs barbs at Delfim, since it is no secret that he too would like to become an occupant of Bandeirantes Palace. The problem is that Simonsen, for his part, considers the labor minister one of the nation's major inflationary factors, with his policy of wage settlements: always letting the complaining occupational categories get bigger raises than the rate of increase in living costs.

Joao Camilo Penna administers his department depending upon the direction of the wind, realist for the time being but, like a good Mineiro, he does not close the door to the other side's views, while Mario Andreazza, having a more intimate relationship and direct communications with Figueiredo, never fails to express his demands and even manages to receive palliatives in the form of funds for the Interior Ministry--much less than he would like, of course. Eliseu Resende, of the Transport Ministry, takes comfort in the label of technician and does whatever is possible, while Mines and Energy Minister Cesar Calzada involved in a thousand and one problems in his specific field of action, has accomplished the miracle of ending PETROBRAS [Brazilian Petroleum Corporation] independence and has asserted himself but, like Resende, does not play on the Simonsen team.

A new element has been inserted in the equation, an alternative--who knows?--still politically enveloped within the bureaucracy: Helio Beltrao. He does not appear to have been called to the government just to sign his well-known name to public documents or expedite the processing of identity cards. He could be much more: a strategic reserve, not necessarily to occupy the ministry he once held in the Costa e Silva government should Simonsen, with his independent manner and lack of ambition, decide to stack arms.

More than that, he could gradually become a new adviser to Gen Joao Figueiredo, uncommitted to any of the three ministerial categories. It could not have been without reason that, when his appointment was being considered, it was opposed--albeit in a gentlemanly fashion--by Golbery, Simonsen and Delfim, temporarily united in a broad front that was eventually defeated by the president's decision.

In short, small and large grudges, small-mindedness, factionalism, dissensions and infighting within the government's economic leadership, all because, despite all efforts, things are not working out well. The nation is at a standstill, the crisis is worsening and the current model, unless we are mistaken, has not yet produced results.

## CAUSES OF BICKERING AMONG ECONOMIC MINISTERS ANALYZED

Sao Paulo VEJA in Portuguese 8 Aug 79 pp 26-27

[Text] President Joao Figueiredo entered the meeting of the Economic Development Council (CDE) on Wednesday of last week with a list of rather simple questions. He was concerned, first of all, over the delay in the determination of the new wage policy, the urgent need for which had been dramatized that very day by the civil construction workers' strike in Belo Horizonte. He also reminded the five ministers that he had been encompassed by complaints from Para farmers during the previous week concerning difficulties in obtaining access to rural financing from the Bank of Brazil. Finally, the president flatly requested results in the battle against inflation, the index of which in July (4.4 percent) proved to be somewhat higher than he had expected.

There was nothing special about this list of questions. But the mere fact that the president challenged his ministers to perform better was sufficient to spread a small war of accusations in Brasilia's offices, disclosing differences of opinion regarding orientation, expectations and even disposition afoot among the top echelons of Figueiredo's economic advisers. Such conflict is only natural, inasmuch as this ministry's internal policy is no longer protected by the stringency of press censorship. Planning Minister Mario Henrique Simonsen and Finance Minister Karlos Rischbieter, adversaries in the debate on solutions for attacking inflation and colleagues on the CDE, listened to Figueiredo's questions in silence. However, the uneasiness that prevails among the two advisers is not comparable, at present, with the breach which, in 1973 in the Medici government, separated Prof Delfim Netto, then finance minister, and Luis Fernando Cirne Lima, the minister of agriculture (author of one of the most acrimonious letters of resignation in the history of the republic), during a period wherein the censorship enabled the government to give the impression that the ministry was acting in a united fashion.

#### Competition

At the root of the current dispute are, unquestionably, the economic problems that have accumulated in recent years. "In a house where money is short, husband and wife quarrel," noted Figueiredo's private secretary, Heitor Ferreira. Perhaps for this very reason, the most prominent difference is

the one dividing Ministers Simonsen and Rischbieter, particularly in the area of the government's control over money. Advocating different policies, they have become entrenched, perhaps forgetful that a breach between ministers can appear to be serious. But the entire ministry does not have the power of the select group participating in the daily meetings with the president, held at 0900 hours. In addition to Simonsen, Minister Golbery do Couto e Silva, of the Civilian Household, Minister Danilo Venturini, of the Military Household, and Octavio Medeiros, of the SNI [National Intelligence Service], participate in this group.

In fact, the atmosphere of the differences is rather far removed from what might be described as the beginning of cabinet surgery. What exists, to a great extent, is, rather, competition. Immediately after the government took office, for example, the minister of mines and energy, Cesar Cals, came out with the design for an energy plan based on PROALCOOL [Alcohol Program]. To his surprise, the minister of industry and commerce, Joao Camilo de Oliveira Penna, chimed in with a better organized plan. So much so that Penna holds the chairmanship of the newly created National Alcohol Commission. So as not to undergo a curtailment of his authority, Cals then played the card of a program for the utilization of coal and solar energy. The president liked the idea, but at the same time concluded that it would be impossible to carry out an energy policy, whatever it might be, without a centralized mechanism for decision-making. This gave rise to the National Energy Commission, the leadership of which, to the disappointment of both competitors, was given to Vice-President Aureliano Chaves.

The differences may be better understood from the standpoint of the easing of political tensions itself, which allows for friction among the civilians and even variations in style among the military ministers. We might recall, for example, that the minister of army, Gen Walter Pires, called the former governor of Rio Grande do Sul, Leonel Brizola, a deserter when he replied with a note to the statement ascribed to him (and later denied) concerning the armed forces, last June. But the minister of air, Brig Gen Delio Jardim de Mattos, while endorsing the general's statement, handled the matter less formally (so much so that, on the very day when Pires released his note, he used the expression "Dr Brizola" in an interview). Therefore, the fact that the current ministers do not always agree with regard to inherited problems, such as those of inflation and energy, does not necessarily prove that the Figueiredo government is doomed to meet with these challenges from now on.

#### **The Mood in the Ministry**

In a ministry, as in any company with 23 boards of directors, there are always chronic disputes. Those who want money quarrel with those who hold it. Those who give orders quarrel with those whom they order, and do not want to stop giving orders. Those with ambition quarrel with those who could thwart their plans. In the Figueiredo cabinet, there are at present some who speak ill of Prof Mario Henrique Simonsen, and those who do not speak ill of the professor; or only in a speech. Apart from this main line, the

early months caused differences to arise between Cesar Cals and Aureliano Chaves, distress such as that of Mario Andreazza, and even a conciliatory trend, such as that of Minister Camilo Penna, who has attempted to mitigate the differences between his colleagues Simonsen and Rischbieter. Following is the political mood of the leading ministers:

#### Rischbieter

Simonsen might say: "Et tu, Karlos?" In fact, after having sponsored Rischbieter's candidacy for the finance ministry, Professor Simonsen discovered, after 45 years, that the ministry was not transferrable. Rischbieter differs from Simonsen on general matters and on financial issues in particular. Moreover, the second echelon bureaucracy is charged with being corrupt.

#### Golbery

He is still the powerful chief of the Civilian Household, and the legendary political wizard of the Castello and Geisel governments. Without AI [Institutional Act]-1, which he helped to kill, he can no longer devise packages. The openness which he defended ended up enhancing his reputation and diminishing his strength. He is Simonsen's chief backer. However, he does not have with him the same relationship that Leitao de Abreu has with Delfim.

#### Delio

On the same telecast on which Gen Walter Pires de Carvalho e Albuquerque called Mr Leonel Brizola a "deserter," in May, the minister of air referred to him as "Dr Brizola." This undeniable difference in style separates the two ministers. They are united by the personal relationship with the president, long-standing military ties and the government's objective.

#### Andreazza

The minister of interior is one of the most upset of the group. He launched several imposing projects, in his style, and found out that there was no money for undertaking them. Like General Medici's other collaborators, because he has had experience in a ministry, he does not enter into ostentatious disputes. Without much chance for the presidency (he will be 67 years old in 1985), he is homesick for Rio de Janeiro.

#### Medeiros

The great dispute in the ministry did not occur. Contrary to many predictions, the chief of the SNI and General Golbery did not divide the Planalto Palace in half. Medeiros, familiar with the area in which he worked in the Medici government, is one of the president's closest friends. It is said in Brasilia that he has the key to the door of the Torto Farm. He does not talk nor circulate; he listens.

Petronio

In the opinion of the minister of justice, a palace dispute at the beginning of an administration is something for a new councilman. He does not become involved in numbers, and knows that his name is on the list of candidates to succeed Figueiredo. Unlike his predecessor, he has managed to achieve relations between one minister and another with his other colleagues, including the military ones. His foes are in the state governments.

Simonsen

Known as "Dr Strangelove," and a kind of evil genius, the minister of planning is not annoyed with the position of scapegoat. Those who attack him may be strengthening him, because there is a theory that he may be the back sustaining blows dealt against the president's back. Nevertheless, of every three ministers two have problems with Simonsen.

Delfim

The minister of agriculture is molting. He could be the natural candidate for the anti-Simonsen spot, but he does not accept that dangerous position. Delfim Netto has good relations with Rischbieter, and is a strong candidate both for the presidential succession and the governorship of Sao Paulo. In the Sao Paulo battle, his adversary is Murillo Macedo; he is considered to be the outstanding figure in the ministry.

Pires

The minister of army has already given notice that he will do "what Joao orders." A personal friend of Figueiredo, General Pires' style more closely resembles that of Gen Orlando Geisel than that of Gens Dale Coutinho and Sylvio Frota. Nevertheless, he is more of a "hard-liner" than a liberal, possibly because no liberal has been known to have held his position since its creation in 1822.

Cals

A novelty: The minister of mines and energy thinks that he might be a candidate for president. Meanwhile, Cals has differences with Simonsen, and has lost part of his authority to Vice-President Aureliano Chaves, who chairs the CNE. Cals' rivalry with Chaves is overt. Unfortunately for Cals, Chaves has a mandate and he does not. He might become the scapegoat of the energy crisis.

2909

CSO: 3001

RUMORS RESURFACE REGARDING CHANGES IN GOVERNMENT TEAM

Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Aug 79 p 4

[Text] Brasilia--The government has been preparing a cabinet shakeup to be announced before the end of the year, according to comments heard this week in economic circles of Brasilia, where it is reported that Golbery do Couto e Silva, chief of the presidency's civilian household, and Mario Henrique Simonsen, planning minister, will be replaced by, respectively, Delio Jardim de Matos or Rondon Pacheco and Helio Beltrao or Roberto Campos.

Upon being approached about these comments, official sources asserted they were nothing more than "cocktail-party rumors," but they did not categorically deny that the matter is under study. These sources say that, since Minister Helio Beltrao was appointed to coordinate the task of cutting red tape in the government's administrative machinery, he theoretically at least has the authority to suggest a ministerial change. "Now, it is only the president himself who can say whether he commissioned that sort of thing," the source commented. "The fact of the matter is," he pointed out, "that there are really various ways of organizing a group of ministers and their respective satellites (indirect administration). Is the way in which this group is organized today the most efficient of these?" the source asks, replying immediately: "In my opinion, no. But there are those who think it is. I believe, however, that within the government itself the majority opinion favors keeping some things and changing many others."

Rumors

Rumors about a ministerial change are not new in Brasilia. In the opinion of a government source, they are cyclical, appearing and disappearing from time to time, without even being able to discover the source. He acknowledges, however, that such rumors often have a basis in fact and supports that conclusion by mentioning the days previous to the outbreak of the 1964 movement that surrounded the fall of Jango and, more recently, the risk contracts approved by the Geisel administration which, as a mere rumor, were officially denied until the very minute the decree was signed.

The exit of ministers Simonsen and Golbery from the Figueiredo cabinet is part of this cyclical rumor that has been circulating since the last days of the Geisel government. This particular rumor is strongly supported by two facts: General Golbery's eye trouble and the ineffectiveness of Simonsen's measures to combat inflation, allied with an unpleasant disposition at times displayed by the planning minister.

Two other episodes contribute to nourishing this cyclical rumor or--who knows--clue to some fact until now hidden by Planalto Palace: the invitation given Helio Beltrao by General Figueiredo before assuming the presidency of the republic to take a prominent post in his cabinet; and the assertion made by Roberto Campos the last time he left Brazil: "When I return, it will be as a cabinet minister."

8834  
CSO: 3001

MILITARY CONSERVATIVES DEEM AMNESTY PREMATURE

Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Jul 79 p 7

[Article by "A. L.": "Military Conservatives Deem Amnesty Premature"]

[Text] Rio de Janeiro--After due time in which to recover from the initial shock, conservative military circles are now able to express their views on the amnesty bill sent to Congress 10 days ago. And those views, aired in completely informal discussion, are none too promising for either the government or the opposition: "Amnesty, no matter how restricted, is premature and inopportune."

Evolving from an attitude that revealed a certain degree of irritability, these conservative circles can now speak calmly about the subject without, however, hiding their almost physical loathing of those who are about to return to the country after 15 years of exile, benefited by amnesty. And that aversion was unquestionably heightened by the Bandeirante TV broadcast of an interview with communist leader Luis Carlos Prestes, "a man who does not hesitate to confess publicly that Moscow pays him a salary," as one military conservative remarked.

Premature

Painting the history of Brazil and its revolutionary movements with a broad brush, this is the basis for their adverse opinion of amnesty: "Any rebellious or revolutionary movement in our history had an element of nationalism, but we must not confuse their nationalism with the opportunistic nationalism employed by the Left. It would be better to say that they had a patriotic spirit, that everything was done for the good of Brazil and its development. But what was being done prior to 1964 differs from all these other movements. The government deposed in March 1964 was not nationalist but, rather, communist and wanted to put Brazil under the Russian yoke. Of course, no one will deny that at that time the United States had very great influence here. But that did not justify their wanting to transfer the seat of influence. And it is in the light of this fundamental difference between the movements of 1922, 1924, 1930 and others and the revolutionary teachings of the Goulart government that amnesty must be evaluated today."

And they continue: "Although it was fair to grant amnesty to insurgents of other movements against the regime, in the present case there is no way to do justice other than by not granting amnesty. These persons who were punished and who are now being given amnesty never even wanted to be pardoned. They have not repented of their past deeds and said so publicly. They are not open to reconciliation; they are not interested in the president's outstretched hand. They want to return only so that they can again begin their struggle for power. We cannot trust Brizola, Juliao, Prestes, Arraes. We know who they are and what they did and intend to do. And we are not persuaded by the insinuations they are making in their interviews, such as Juliao now saying that he was not a communist; we know he did indeed want to take power by force."

#### Communist Party

These groups in fact see serious problems looming over the nation's political future. But they promise that there will be no reaction by the armed forces to restrict the regime. And they explain why: "In 1964 the people had a different view of the military; things are different today. Society today no longer views the army in the same light because the army has been too much involved in politics and has spent itself, losing the respectability it once had in the people's eyes. And it can only recover its former position by keeping its distance from politics. And that is what we are doing. Only at a distance and free from political destruction will we be able to act as arbitrators of a future crisis."

Although such a crisis is discussed as something hypothetical, its ingredients may be perceived in the course of the analysis: amnesty, return of those banished, political reorganization of the Left, strikes, the student movement and, to top it off, legalization of the Communist Party. This last possibility seems already to have been accepted as probable by the conservatives who still express the Frotist line: "The PC [Communist Party] should be legalized, but this is not the crux of the matter. Those who join the party will probably be a few stray cats and they will be under control. The problem will be those others who, following the party line, will be active in other parties, advocating its doctrines in other sectors. All this could bring to the surface the unrest that is latent or at least hidden. Do you think that these strikes have not led to rioting simply because the people have learned to behave themselves? Nothing of the sort; there is no rioting because all necessary security measures have been taken."

#### The Bases of Support

This is how these sources react to the hypothesis that the government has decided upon amnesty now in search of popular support to replace military support: "That is the analysis given out by the presidential palace itself, by the people there. It is true that the president took office amidst contradictions within the armed forces. But in time of crisis, who do you think will support him; who will be there to keep him in power? The people?

Those who were banished and are now returning? Can you imagine Brizola giving Figueiredo support at a time of crisis? No. His support will come from the military, because it is not just a matter of supporting a person, but of supporting and maintaining the regime itself, the Revolution. And in that hour, having maintained our abstention from politics as a form of self-preservation, we will know what to do."

That prospect--that is, effective and crushing action by the army at a difficult moment for Figueiredo--undoubtedly appears to be one of the concerns of those making appointments to command positions. Recent military reassessments and those expected to be made in coming months show particular attention being given to putting in key positions persons who clearly support views identified with the so-called "hard line." General Fragomeni, a man of mild views, is going to the STM [Superior Military Court] and the name of Milton Tavares de Souza, who no one denies is a man of rigid revolutionary ideals, is being considered to take his place. Antonio Bandeira remains in command of the 3d Army and his past revolutionary activity is well known. Gen Coelho Netto, also known for his firmness, will, according to rumor, remain in command of the Army's 1st Division, which are the troops in the Vila Militar of Rio de Janeiro. And, despite the debate which certainly surrounded the matter, Gen Antonio Carlos de Andrade Serpa, another conservative, will remain in the High Command, whereas Samuel Correa, who is known as a liberal, is being appointed to the EMFA [Armed Forces General Staff], essentially a planning body.

#### Inopportune

In view of this situation, these sources--who in recent years have incessantly warned against "the communist danger"--conclude that amnesty now is "inopportune" and they explain: "No one can say that the president does not know what he is doing; he is intelligent. No one can say that he does not share the ideals of 1964; on the contrary, he was an active conspirator and was always present in the center of decisions. No one knows subversion as he does. Would he now be willing to forget everything he has done? Renounce all the revolutionary measures? We do not think so. What we do believe is that he has been more swayed by the emotional side, since his father was punished in another period and because he certainly knows that if he does not carry out what he promised right now, he never will. That is the reason for this haste in granting amnesty, right at the beginning of his administration, and it is inopportune because the nation and, above all, its beneficiaries are not ready for it. It is inopportune for the nation and now even bloodthirsty criminals may get off scot-free, since no one can predict how Congress will handle the matter, perhaps even declaring a pardon for such persons."

8834  
CSO: 3001

BRAZIL

FIGUEIREDO ON AMNESTY BILL, PARTY REFORM, INFLATION

Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Aug 79 p 14

[Press conference held by President Joao Figueiredo in Sao Paulo on 9 August:  
"Figueiredo Goes to Outdoor Market and Compares Prices"]

[Excerpts] Sao Paulo--President Joao Figueiredo yesterday went to the outdoor market in the Bom Retiro neighborhood, the Central Market, the CEAGESP [State of Sao Paulo General Warehouse and Supply Station Company] supply station, the Mogi das Cruzes truck farm; talked with producers, sellers and buyers; held a press conference; compared costs and prices; and promised: "I am going to look into this; I am going to do something about it."

It was a surprise visit, which the authorities who accompanied him did not learn about until the night before. Wearing sport clothes and a leather coat, President Figueiredo landed in the official section of Congonhas Airport at 0945 hours, accompanied by Communications Media Minister Said Farhat, SNI [National Intelligence Service] Chief Gen Otavio Aguiar de Medeiros and Military Household Chief Gen Danilo Venturini.

At the Market

Although the president's visit was a surprise--the news was released to television and radio in the early morning hours--the Bom Retiro vendors already knew that General Figueiredo would appear at their neighborhood market.

In a good humor throughout the time he toured the outdoor market, President Figueiredo became interested in prices of fruits and vegetables and asked vendors with whom he spoke whether they paid rent, gave credit and paid taxes. Informed in advance about the visit, the vendors had lowered the prices of their goods. Flowers sold during early morning hours at 55 cruzeiros were reduced to 30 cruzeiros; chayote, from 25 cruzeiros to 10 cruzeiros per kilogram; cucumbers, from 50 cruzeiros to 35 cruzeiros; and cabbage, from 25 cruzeiros to 10 cruzeiros a kilogram.

During his visit General Figueiredo kissed babies, greeted crowds, predicted that "the Corinthians will win the championship this year" and responded

good-naturedly to reporters who asked him what he could do to keep prices as low as they were yesterday: "Only if I do my marketing every day or camp out here." It was the first time reporters worked without their credentials being checked by the 2d Army.

While still visiting the Bom Retiro market, President Figueiredo made his most severe criticism of what he considered profiteering. At one stall he was told that the proprietor had paid 100 cruzeiros for a 60-kilogram crate of tomatoes and was selling them for 6 cruzeiros a kilogram. General Figueiredo asked him: "Don't you think your profit is excessive?" The proprietor was so embarrassed that he was unable to give the president any answer.

#### Irritation

During the entire visit, the moment when President Figueiredo showed the greatest irritation was in response to a question that had nothing to do with fruits and vegetables. A reporter asked about the cabinet shakeup and the resignation of Planning Minister Mario Henrique Simonsen; General Figueiredo stopped short and with broad gestures, showing his irritation with his hands and with his facial expression, replied: "I did not come here to talk about that. It is not a question to be asked at this time. Don't be impertinent."

#### The Political Interview

[Question] The ARENA [National Renewal Alliance] congressional bloc directly criticizes your economic policy and especially Mr Mario Simonsen. What does this indicate?

[Answer] To me, it indicates nothing. It indicates that the ARENA congressmen have one opinion and I have another.

[Question] Would you respond to any request for cabinet changes made by the ARENA?

[Answer] After all is said and done, who is president of the republic? Is it the ARENA or I? I choose the cabinet ministers I want.

[Question] If the amnesty bill, after being approved by Congress, comes back to you with some amendments, will you sign it with them or will you insist upon the original bill?

[Answer] That depends upon what those amendments are. I cannot make judgments about abstract hypotheses.

[Question] To what point could the federal government make concessions regarding the original amnesty bill?

[Answer] The concessions it had to make it has already made.

[Question] Then there will not be any further concessions?

[Answer] Do you mean to say amnesty for terrorists?

[Question] For example, the proposal made by the MDB [Brazilian Democratic Movement]?

[Answer] That I would veto.

[Question] Mr President, returning to the matter of criticisms the ARENA made about economic policy. Do you agree with them or, then, do you mean to say you disagree with the government party?

[Answer] I cannot say whether I agree or not, since I have not seen the criticisms. But, a priori, I can say that I do not agree.

[Question] You do not agree in general?

[Answer] Ah... Because I have supervised the activities of my cabinet ministers.

[Question] What solution does your administration intend to have for the problem of missing persons?

[Answer] I do not have a solution. It is the courts that should have a solution. My administration is not the courts. We have three branches of government in this country: executive, judicial and legislative. It is up to the judicial branch. I do not have and never have had anything to do with this subject.

[Question] Are you worried about the rate of inflation this year?

[Answer] Of course I am. Aren't you?

[Question] Could the hunger strike by political prisoners influence the amnesty bill?

[Answer] No. The amnesty bill, no. A politically motivated strike, no.

[Question] But what about liberalization?

[Answer] Nor that. One thing has nothing to do with the other.

[Question] Could it have any impact on your thinking?

[Answer] No, not on my thinking.

[Question] Does it worry you?

[Answer] No, it does not worry me.

[Question] The health of the political prisoners in Rio de Janeiro is failing... Doesn't that worry you, Mr President?

[Answer] It was a decision that they took upon themselves. I had nothing to do with it. I regret that they made that decision.

[Question] With the visit of Mr Adolfo Suarez, much comment was made about the Spanish political model...

[Answer] I do not like foreign models. I prefer the Brazilian model, since we have no reason to copy anything. Our customs, our geography, our history are completely different. There of course are some very good things that could be imitated. But that does not mean we are going to copy them.

[Question] A phrase has been attributed to you in which you say you would like to be the Adolfo Suarez of Brazil. Would you really like to be that?

[Answer] Many things are attributed to me that I did not say. The only thing I want in life, my son, is to be Joao Figueiredo and no one else. I do not want to copy anyone. I want to continue being what I am, with all my defects, until I die.

[Question] But the question refers to a similar role during your 6-year term of office.

[Answer] If I were to copy the distinguished President Suarez, I would not give amnesty to terrorists and I would do it in two steps. He told me that he is already regretting what he did.

[Question] They are now saying that the president of the republic is popular, but the government is not.

[Answer] That is what they are saying, but I do not seek popularity. Nor do I mind being popular. I am what I am.

[Question] But your cabinet's policies are not affecting the people.

[Answer] My cabinet's measures are not affecting the people?

[Question] Benefiting the people, Mr President...

[Answer] But they are. They are, they are. I am responsible for my cabinet; they do what I want them to do. I am the one responsible.

[Question] Will you be making visits, such as this one to Sao Paulo, to other states and cities?

[Answer] I intend to do so in other cities.

[Question] By surprise?

[Answer] Of course...

[Question] How are you enjoying this press conference?

[Answer] Very much, very much...

[Question] Don't you think visits of this sort can be construed as populist and demagogic?

[Answer] My friend, when I take a position I am not bothered by what may be thought or what may be said. I suppose that they are going to say that all this is demagogic, and so forth. But they were already saying that before I made my campaign. What they will say now does not bother me. I know that many people do not like my style of action, but I am not going to change it for that reason.

[Question] Has there been any definition about reforming the party system?

[Answer] No. The hardest thing in the world, my son, is to define and the hardest thing to define is party reform. Defining party reform is a difficult business.

[Question] But haven't you taken any position?

[Answer] I have taken no position. I am reiterating what I have repeatedly said to you people of the press. Before, everyone was complaining that policies and decisions were made entirely at Planalto Palace and that the politicians were not being consulted. The politicians themselves came to me and said that. Now, I am inviting the politicians and others. I want to know the opinion of each politician. Some give me their opinion; others avoid doing so. But I will make a decision, take a step or send something to Congress only after knowing what the politicians of Party A, B C, D and so forth think.

[Question] What about the Workers Party that the labor unions intend to create, as proposed by Lula?

[Answer] I do not know the details of his proposal.

[Question] What is your view of a party solely of workers?

[Answer] A party of workers, without any political essence, has no reason for being. We could then have a party of doctors, a party of soldiers. It must have a political essence; it cannot be just a party of workers.

[Question] What about the Brazilian Labor Party?

[Answer] That may be. Yes, that may be...

[Question] You mentioned parties A, B, C, D and so forth. But as of now we only have parties A and B. How can that be?

[Answer] But I have always said I favor a multiparty system... I never said I favored a two-party system.

[Question] Does that mean we are close to having new parties?

[Answer] The fact that I favor a multiparty system does not mean that tomorrow we shall have a multiparty system.

[Question] Last year President Geisel did not receive representatives of the Cost of Living Movement who went to Brasilia. If they were to come to you today, would you receive them?

[Answer] I think the leading representative of those opposed to the high cost of living, if such a one exists and if there must be a movement against high living costs in this country, the head of that movement should really be I.

[Question] Would you receive its representatives?

[Answer] No, no. Because I am the chief of this movement against high living costs. I do not need anybody's advice.

[Question] Is your coming here to Sao Paulo the first step in solving the cost of living problem?

[Answer] No.

[Question] Was it, then, the first step?

[Answer] It was the first step in regard to fruit and vegetable farmers. I concentrated only on fruit and vegetable farmers.

#### The Economic Interview

[Question] I should like to know whether the minimum prices are considered inflationary. If they are not, why in recent years have they been set higher than the level of inflation? If they are not inflationary, would this not mean a change in the policy that has been adopted for some time in regard to agriculture?

[Answer] They are not inflationary for a very simple reason: they were set well below market prices. That is to say: the new minimum prices will not influence the prices the consumer has been paying.

[Question] After visiting several truck farmers, what conclusion did you arrive at? And why is the price so much higher when it reaches the consumer's table?

[Answer] That is the question I will try to answer when I meet with my advisers. That is why I came here. I know there is something. The producer is paid for a certain product and the consumer pays for that same product sometimes five times as much. In this duel between producer and consumer I think there is something wrong, but I do not know what it is. I am going to try to find an answer this week, with my advisers.

[Question] During your visit you appeared greatly concerned about the question of transportation from the producing area to the CEAGESP, the market, in fact to the consumer's table. What conclusion did you come to regarding this aspect of the question?

[Answer] The first conclusion at which I arrived was astonishment regarding the freight paid from Mogi das Cruzes to here for about a 25-kilogram crate of carrots, a freight of 23 cruzeiros. Since the freight from Mogi das Cruzes to Rio de Janeiro is 50 cruzeiros, either the freight from Mogi das Cruzes to here is very expensive and the freight from Mogi das Cruzes to Rio is also very expensive, or the freight from Mogi das Cruzes to Rio is very cheap, which I do not believe.

[Question] Much is said about the role of the profiteer. In your exhaustive investigation of the supply situation, did you identify the profiteer problem?

[Answer] No, I did not identify the profiteer. What I want to identify is exactly what exists between the beginning of the chain and the end of the chain. It may be that it is the profiteer, but it may also be that our legislation itself is at fault. That something is wrong in the middle of all this, there is no doubt. I did not say it was the profiteer. I hope it is not. If it is, woe betide the profiteer.

[Question] After this visit are you going to establish a new agriculture "package"? After today's meeting with various production sources?

[Answer] By agriculture "package" you of course mean measures affecting agriculture?

[Question] Affecting fruit and vegetable farmers.

[Answer] I will only be able to know that when I have answered your colleague's question about why this difference in price. It is in the answer to that question that I will see what measures I am going to take. I cannot try to solve the problem without understanding it. First I must know the causes, so as to attack them. I am trying to learn the causes.

[Question] Have you identified the obstacles to agricultural development related to the agrarian problem?

[Answer] Let's not put all the blame on the latifundium. That is not so. What is indeed a fact is that there is much productive land that can produce and is not being worked. There are many unworked latifundia. But there are many latifundia that are being well utilized. What I think is that those who own land and use it for the benefit of society should be encouraged. But those who are holding land as a speculation should be penalized.

[Question] Doesn't setting minimum prices conflict with your planning minister's thinking?

[Answer] No, it does not conflict at all. Our concern in setting minimum prices was that they not surpass prices offered in the market.

[Question] You said that Planning Minister Simonsen did not submit his resignation. But you have been here in Sao Paulo since early this morning. Isn't it possible that a surprise may await you when you arrive in Brasilia?

[Answer] It is possible that when I arrive in Brasilia I shall be dead.

8834  
CSO: 3001

BRAZIL

STUDENT LEGISLATION TO BE ALTERED IN 1980

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Aug 79 p 13

[Text] Brasilia--At the beginning of the 1980 school year, Brazilian universities are to have their statutes and bylaws adapted to the new legislation governing student representation and the disciplinary system within educational institutions. As soon as the new bill is approved, Education Minister Eduardo Portella will issue two ministerial decrees--one that regulates representation and another that regulates the disciplinary system--which will provide universities with the general guidelines for changing their bylaws within a period of 180 days.

Representatives to academic directorates and central directorates will be elected by direct vote of the students. Student representation in collegial bodies, until now expected to be on an indirect basis--that is, through appointment by the elected directorate--may be changed in the regulations being prepared by the MEC [Ministry of Education and Culture]. Presidents of Brazilian universities, meeting last week in Joao Pessoa, considered such representation rather "bionic" and suggested to the MEC that student representatives to collegial bodies also be chosen by direct election.

The ministerial decrees to be issued by the education minister will have no effect upon university autonomy, because they will merely present guidelines which the universities will implement in their statutes and bylaws. However, as explained by the director of the MEC Department of Student Affairs, Prof Helcio Saraiva, such bylaws may not go against the spirit of the new law, which is more one of education than of repression.

"Especially in regard to disciplinary aspects, internal rules must be a pedagogical and educational tool, viewing error and correction of error as something normal in the education process," the director explains further. The education process, he contends, is a transfer of knowledge, values and attitudes and not their imposition. That, in essence, must also be the spirit of the new administrative provisions regarding discipline within the university.

Regulations of the new law will guide educational institutions in the sense of providing for nonsubjective and quite explicit infractions. In defining

infractions and disciplinary sanctions, the MEC recommends that institutions take into consideration acts against the moral and physical integrity of the person; moral, scientific, cultural and material property; and the exercise of pedagogical, scientific and administrative functions.

The university, the department director believes, should be a forum for broad discussion in complete freedom. "It is possible to develop critical awareness only in an atmosphere of complete freedom, otherwise there is neither awareness nor criticism," remarks Prof Helcio Saraiva, recalling that "in their disciplinary systems universities must seek to guarantee this broad freedom of discussion."

As for sanctions, the MEC recommends a gradation of penalties in the following order: verbal warning, reprimand, suspension and expulsion, granting the student ample right of defense. The Education Ministry is also studying a proposal to the effect that, in implementing the bill, it be determined that the sanction applied to the student not be entered in his school record. This is intended to prevent a penalty sustained at age 17, for example, from marking the student for the rest of his life.

Also upon recommendation of the university presidents, MEC is not to include creation of a disciplinary council that would have the purpose, according to the preliminary ideas about implementation, of only addressing the disciplinary question. The presidents believe that such a provision would present difficulties from the operational point of view and that the educational institutions already have numerous councils--university, teaching, research and administrative--that could serve as jurisdictions for such cases.

8834  
CSO: 3001

BRAZIL

BIOGRAPHIC PROFILE OF PRESIDENTIAL PRIVATE SECRETARY

Sao Paulo VEJA in Portuguese 8 Aug 79 pp 28-31

[Text] To the tune of the Jamaican "reggae" entitled "No More Crying," sung in Gilberto Gil's Bahia accent, President Joao Baptista Figueiredo and Gen Ernesto Geisel were together last Friday for 2 hours and 5 minutes, carefully reckoned by the 30 reporters who went up to Teresopolis to spend the afternoon at the impenetrable gateway to the Cinamomos Retreat. From the grillwork, they could all watch the successor and the one succeeded conversing on the porch for over half an hour. It was the longest meeting between the two since Figueiredo took office in March; and after it the government trusts that several months will elapse before the rumors of a falling-out between Geisel and his heir will start cropping out again.

It was Gen Ernesto Geisel's 72d birthday. And, to celebrate it, on the eve of the first weekend entirely without gasoline, the entourage of Galaxies and Opals brought the private secretary, Heitor Aquino Ferreira, with the green sport shirt that he wore to the Planalto Palace on Thursday wrinkled by documents contained in a 007 attache case. Arriving with him was Gen Danilo Venturini, chief of the Military Household; and, half an hour later, sharing a car, were Minister Golbery do Couto e Silva (on one of his rare trips to Rio de Janeiro) and Brig Gen Delio Jardim de Mattos. Arriving from Bahia was Governor Antonio Carlos Magalhaes, escorted by Gen Gustavo Moraes Rego, who is serving in Salvador.

The gathering at the Imbui Park, replete with Argentine Weinert wine, was the type of affair that Heitor Ferreira has for decades spent part of his day arranging. It was merely a public display of cordiality, not a private conference between Figueiredo and Geisel. For an exchange of information, good wishes and confidences, they use the telephone of the Planalto Palace, where the current president of the republic usually contacts his predecessor nearly every week in Teresopolis, relating to him the intimate account of the government in the capital and a personalized report on the administration. Actually, if there were no telephone calls, there would always be the presence of 43-year old Heitor Aquino Ferreira in the government. In his office, the presidential succession ended up becoming so attenuated that he himself lost an accurate notion of the day on which he ceased to be President Ernesto

Geisel's private secretary, and became the private secretary of President Joao Figueiredo.

#### By Mail

On the desk he keeps two stacks of cards and envelopes which identify him in one position at times, and in another on different occasions. And he continues to use the office materials of the former and new ruler, in keeping with his relations with the recipients. For example, when he writes to former Minister Euclides Quandt de Oliveira, he uses the paper stamped "Private Secretary of President Ernesto Geisel." Thus, he summarizes two governments which, by the end of Figueiredo's term in 1985, will have headed Brazil for 11 consecutive years. And the examples of his presence next to both presidents do not end there.

Official portraits and snapshots of Geisel and Figueiredo cover Heitor Ferreira's large untidy office on the fourth floor of the Palace. The yellow carpet, an antique left over from the inauguration of Brasilia, has only been removed now as a result of a doctor's recommendation, after the dust accumulated in its fibers caused a chronic allergy in the occupant of the office. On every business day, the correspondence leaves it by mail to go to the Cinamomos Retreat, Geisel's residence in Teresopolis, the final destination of most of the documents, books and clippings from foreign magazines that Ferreira selects and distributes for the government. After Figueiredo took office, the president's private secretary spent several weeks absent from the Planalto Palace, while he was busy moving to Teresopolis the library and valuable files that Geisel had left at the Riacho Fundo Farm, his private residence in Brasilia. That mountain of papers surely comprises the largest presidential files in the history of the republic.

The change in government went through Ferreira's office almost without any change in his routine, except for the arrival of Gen Danilo Venturini, who took up the position of chief of the president's Military Household in a corner of the same room, sharing the other corner with Col Paiva Chaves, who is currently Figueiredo's special adviser. According to Ferreira, Venturini is his "brother." The two of them, and Gens Ernesto Geisel, Joao Baptista Figueiredo, Golbery do Couto e Silva and Octavio de Aguiar Medeiros were all together when the National Intelligence Service (SNI) was created in 1964. Ferreira, Golbery and Geisel shared a room at the Laranjeiras Palace during the Castello Branco administration; something which lends the group at the Planalto Palace a disguised familiarity.

#### Paid Dowry

"When the doors close," admits Ferreira, in the slightly gaucho accent that he brought from the frontier town of Pedro Osorio, where he was born in 1935, "the 'your excellencies' stop and the familiar 'you's' begin!" This explains a great deal about the present government, as well as the previous one, the relationship between the two and even the indignation of outsiders like Gen

Hugo Abreu, who became chief of Geisel's Military Household, but without joining the inner circle. A cadet at the Agulhas Negras Military Academy (AMAN) when the group, then with officer rank, was monitoring Brazilian politics in plots wherein they claim to have "fried cupcakes" during the 1950's, Ferreira may have arrived late in joining that inner circle because of his age, but he arrived quickly.

In Rio, where he has now become engaged in private industry, retired Gen Heitor Herrera recalls that, in 1955, on the eve of the "November uprising" against the then newly elected President Juscelino Kubitschek, cadet Heitor Ferreira, the first-ranking student in his class in the cavalry, appeared at his house, where he was taken by cadet Gildarte Giambastiani, son of a shoemaker from Bage, and the first-ranking student in the artillery class. Now, Giambastiani is the brother-in-law of Ferreira (who is married for the second time to a woman named Elisabeth, with a 4-month-old daughter, Carla, in addition to two other children, a girl aged 19 who is an anthropology student, and a 17-year-old son who is a candidate for a pilot's position).

Herrera relates: "He spent the afternoon here in the living room; he returned the next day, and every other day." During these "question periods," there was no discussion of a conspiracy, but, some weeks later, when the failure of the attempted coup against Juscelino brought Colonel Herrera a punitive transfer to Porto Alegre, a telegram was awaiting him at his new post: "To the eminent chief, the complete solidarity of cadet Heitor." The colonel thought that the cadet was not regulating his political clock well. For these and other reasons, cadet Heitor, who had considered studying medicine and was induced by the family's disciplinary concerns to join the army, was not to spend a very long time in his military career.

#### 1972 Volks

Twelve years later, in the Costa e Silva administration, when he requested the resignation that turned him into a second class reservist, he was anchored with the rank of captain, with a salary of 700 cruzeiros, a situation which, through Herrera, led him to become employed in the Jari Project of the American businessman Daniel Ludwig. He lived in Para nearly 4 years, improving his living standard with a salary equivalent to nearly \$1,000 per month. Now he is the owner of a 1972 Volkswagen (which he is trying to trade for an alcohol-powered Fiat), some Ford stock and a three-room apartment on 5 de Julho Street in Copacabana, which will be losing its view to the BNH [National Housing Bank]. From his multinational experience there remains essentially only the reputation and the sarcastic nickname given by his enemies, "Captain Jari;" although, from his own point of view, the only multinational to which he considers himself associated is "PETROBRAS [Brazilian Petroleum Corporation]." After all, he is an official of the company, at the order of the presidency of the republic.

If he had remained in the army, Ferreira would never have joined the company of generals by virtue of the chain of command. He would now be a mere

lieutenant colonel, with no chance of rising to the rank of general. He did not even take the ESAO [Officer Training School] course, and the title of "major," which has been attributed to him in default, for lack of any other, is unearned. Nor is he a "professor," as they call him at the Planalto Palace (admittedly, Ferreira takes pains to erase the word whenever it is given to him in correspondence).

Even without the military courses, however, the captain was an effective conspirator. He joined the Research and Social Studies Institute (IPES), from which General Golbery wove the web of the coup against Goulart. During the short administration of Janio Quadros, he served on the National Security Council along with the present minister of army, Walter Pires, and the current minister of interior, Mario Andreazza, as well as the current President Figueiredo. As has been claimed, he was "a founding member of the SNI." And he has made with Gen Golbery do Couto e Silva a friendship the origin of which Ferreira, out of love for the mysterious, places "at the beginning of time." More specifically, it is only known that it began with an intellectual affinity at first sight: The lieutenant read an article by the colonel, and tried to meet him. Ferreira is the most avid collector of the general's comments or quotations, such as: "Every great friend has a great friend;" "He who does not know keeps a secret;" or "The fox knows very important things, but the porcupine knows one very important thing."

#### Exile in Para

At the beginning of the Costa e Silva administration, Heitor Ferreira had returned to the troops and, what is worse, was with the opposition again. His group lost to that of Marshal Costa e Silva what he terms the "first world war": the Castello Branco succession. Wary, Heitor and his group did not lose any more world wars: not the second, with Geisel, nor the third, with Figueiredo. Defeated in the war, he went into exile in Para, as secretary to the superintendent of Project Jari. The interval lasted until 1972, when the forces of the Castello Branco government reorganized, and Ferreira went to the office of the president of PETROBRAS, Ernesto Geisel. Finally, in 1974, Geisel brought him to the Planalto Palace, and left him there.

At the end of the Figueiredo administration, Heitor Ferreira will have had 15 years of close relationship with the presidency of the republic; and he will have had this without emerging from a certain amount of anonymity, at least for the time being. "People must think that I am a mysterious old fellow, who never makes an appearance," the secretary often imagines. Even now, the notoriety which, in the Geisel succession, became one of the choice targets of the opposition to Figueiredo has not sufficed to prevent him, every afternoon, from leaving the Palace, putting on his gym suit and running along the Avenida das Nacoes, covering part of the distance to the cold, isolated Riacho Fundo Farm, where he has resided since Geisel moved to Tere-sopolis.

### Unique Manner

In this administration, his office lost the calmness of Geisel's time, after he assumed the risks of relative conspicuousness in July 1977 to distribute photographs of Figueiredo to the press, when the candidacy did not yet have the president's official blessing. Ferreira became accessible to an increasing number of newsmen, but his statements still appear in the press with the rarity of a leap year, and nearly always under the protective cloak of a "Planalto source," or a collaborator of the president. Even when besieged by reporters, the private secretary has not lost the status of an compulsory buffer for any minister, any governor and even businessmen such as Luiz Eulalio Bueno Vidigal, whom Ferreria calls "our Lula;" and, generally speaking, any authority who passes through the Planalto Palace without tripping on the carpets. "Every time I go there, I talk with Heitor," admits Minister Petronio Portella, for example, who keeps in an album a photograph in which they both appear at a reception at Itamaraty, accompanied by the written comment: "Here you are, in the act, talking and convincing me."

With a style that manages to be, simultaneously, both universally aloof and selectively captivating, while still marked at times by irate severity, Heitor Ferreira has a unique manner of establishing relations which are in the interest of his position. There is no dearth of examples. He became a friend of Governor Paulo Maluf on the very day that his Sao Paulo colleague elected him governor. On that morning, he daringly departed from anonymity and defended compliance with the wishes of the convention. He kept his relationship with Minister Delfim Netto intact, when the latter was in a state of restraint at the Brazilian Embassy in Paris under the Geisel administration.

### Stop Smoking

"He sent me things on architecture and Zen-Buddhism," reported the governor of Pernambuco, Marco Maciel. At the Palacio das Princesas, in Recife, there are memos signed invariably "H.," and recommending that attention be given to matters as far removed from Pernambuco as the elections in Guatemala or administrative nonsense in the municipality of Taquaritinga, in the interior section of Sao Paulo. Also, at the Zahar Publishers in Rio, there are messages in the same handwriting recommending a Portuguese edition of "Prince Henry," a biography of the Infante Dom Henrique by John Ure.

It was likewise at Ferreira's suggestion that Zahar added the essays on how the conflict began in its edition of A.J.P. Taylor's "World War II." Jorge Zahar wrote to him, "You are continuing with steadfast progress in your capacity as adviser." Ferreira replied to him: "Thank you very much for having appointed me." His relations with publishers are also based on his experience as a translator of "Strategic Intelligence Production," an official intelligence manual written by a high-ranking CIA official, Washington Platt; George Orwell's "The Revolution of the Animals," published as a piece of anti-communist propaganda in 1963; Professor Kissinger's "The World Restored;" and "Everyone Is Incompetent, Including You."

Recently, Figueiredo had ended a meeting when an adviser arrived carrying a briefcase filled with clippings. "It is from Heitor," he announced. The president opened it and found a blue book entitled "Stop Smoking in Five Days." Thanks to the same compulsion for reading and making people read, Heitor Ferreira is among those responsible for the success of the first edition of Gen Hugo Abreu's book, "The Other Side of Power." He purchased dozens of copies out of his own purse, and sent them to all his friends, asking their opinions. He reads everything that is written in opposition to him. Like former President Castello Branco, he takes note of errors, attaches the clippings, commentaries and documentation belying them and, finally, buries the documents in a personal file, without disclosing it.

#### Tape Recordings

But the presidents do not do everything that the secretary has in mind. He wanted Senator Pedro Pedrossian named governor of Matto Grosso do Sul, and he lost. There are witnesses who could swear that, in 1977, he attempted to delete from the April package the indirect election of governors in 1978.

However, it does no good to ask him about the package; he confines himself to replying that his view is "favorable." He upholds birth control with a sincerity that would be impossible for any government program. He wants the adoption of the district vote in the country, but that is a remedy which the Congress will only accept under duress. And, in some instances, he has succumbed to error. For example, he claims that, during a diplomatic reception, he held a long conversation with Robert Pastor, President Jimmy Carter's adviser, without the latter's knowing with whom he was speaking. Pastor has given assurance that, from the very outset, he was aware that he was talking to President Geisel's mysterious secretary.

In the presidency, both that of Geisel and that of Figueiredo, secretary Heitor Ferreira has evaded the conventional mold to such an extent that, had he not chosen to be so invisible, he would inevitably be eccentric. From the cigar which he smokes as a ritual (a Bahian, when he buys them, and a real Davidoff brand Havana, at times when he is consuming a box presented by Andreazza), he is capable of blowing circles of smoke during a conversation, and encircling with them the objects around him or the nose of the person with whom he is talking. In the office there is always a minicassette apparatus playing a selection of tapes recorded at home because Heitor Ferreira, a pianist and violinist "by ear," works with a musical background, or to be more exact, a background of sound. In such an atmosphere, he considers it easier to decipher a weighty government report by means of an instantaneous reading of "two or three key words." Every day, he devours all the major Brasilia, Rio de Janeiro and Sao Paulo newspapers. He reads American and European newspapers as well; and wears on his wrist a stop watch with an alarm, which strikes every hour, reminding him of the newscast on Radio Globo.

With his equipment, Ferreira operates to the sound of Chico Buarque, or the voice of Carlos Lacerda, in irascible speeches opposing the Castello Branco regime, or even the sound track from the film "Star Wars" which, because it contains an allegory of the struggle between good and evil, has ended up serving in the government as a musical introduction to the Geisel succession. In this environment, wherein he sometimes spends entire days camping, changing his clothes, making unsweetened mate, lunching and dining on sandwiches, secretary Heitor Aquino Ferreira has lent the government somewhat of a domestic atmosphere. It is as if the real virtue of power were to accommodate, under the cloak of dispersion, the group of politically restless officials which he joined as an aspirant over 20 years ago; even if, in order to do so, it is necessary to extend the routine of the presidency of the republic to Imbui Park, in Teresopolis.

2909

CSO: 3001

PINOCHET CRITICIZES CRITICS OF NEW LABOR PLAN

Santiago LA TERCERA DE LA HORA in Spanish 27 Jul 79 pp 4, 5

[Report on press conference given by President Augusto Pinochet at Diego Portales, by Raul Rojas]

[Text] President Augusto Pinochet rejected criticisms of the Labor Plan, pointing out that the critics are basing their comments on out-dated ideas or on a desire to revive the class struggle.

In a breakfast meeting with the journalists assigned to Diego Portales, the chief of state spent an hour and a half reviewing the principal national and international events.

At the beginning of the conference, he showed the newsmen an elegantly printed book entitled "Araucaria de Chile" [Chilean Araucaria] which was edited by Volodia Teitelboim. He also displayed a pamphlet put out by the Chilean Trade Union Confederation (CUTCh). Both publications contain propaganda against the nation and his government. He commented, "I wonder how much money this propaganda costs? The pressure is exceedingly intense, which shows that our government is holding firm.

"There are many communists posing as liberal democrats who oppose us, trying to hasten the institutional process for their own ultimate benefit. In their campaign they have even claimed that I have an estate and money put away in Caracas. When I leave the government, the whole country will see what I have and will be able to reach their own conclusions."

Criticism

With regard to criticism of the Labor Plan, he stated: "I get the impression, if I give them the benefit of the doubt, that they are applying old rules to a new concept. In the first place, we in the military have always had a revolutionary outlook, favoring the working class and the people in general. Remember that in 1925 it was the communists and socialists who spoke of having separate unions, while the white collar workers talked of a single union. Basically what we have is a class struggle. This allows the communists and socialists to build unions which go through the economy to reach the power."

The commander in chief mentioned the current system of quarterly adjustments. He said that before, the workers' wages were adjusted to the consumer price index a year behind the increases. He stated that this index is a reflection of the true picture: "Logically, there are some things which rise more than others. We do lose ground. Mistakes are made, because we are human."

Referring to the new union plan, he commented: "Before, everything was in one package. Now, the union can get a lot more than it would in a package."

#### Industrialized Country

He was then asked about criticism saying the Labor Plan would be good for an industrialized country. He responded: "That could be right, depending on how you look at it. But we must realize that this country is on the road to industrialization."

Then he asked: "Who has lost now? The strong. Who has won? A huge number of workers in the country who had nothing before. I always say I am the voice of the weak, of those who have no voice, for a shoemakers' union does not have as strong a voice as a copper workers' union."

[Question] Along those lines, what do you think of the idea of the Confederation of Copper Workers declaring a state of alert? Why did the government revoke their statute?

[Answer] Because everyone must be on an equal footing. There can be no privileged groups. Why should a copper worker be in the constitution, while the others are not? Either they are all mentioned, or none of them is. . . . In Chile there are no privileged classes.

The other thing that hurts the large labor organizations is the loss of economic power.

On 11 September everything came to a grinding halt. People don't realize that we are undergoing a profound revolution, that we are building a new country. Some say that it is a philosophy that gives preference to the rich. What rich, my friend, if at the least expected moment I could lay down the law?

#### Milkless Cow

In response to the journalists' insistence that people say the government does not favor capital investment, the president said:

"I will give my answer with an example. You can't get milk from a sickly cow; she must be fat, with healthy udder. This is what we must do here. In the first place, we must seek a formula whereby the capital does not leave Chile. If there are people with money, the internal revenue service will come in and take large amounts of money from those who did not contribute in the past, who sent their riches abroad. Today people are investing, and we must provide them with guarantees. But they must pay taxes, as well. I told management:

'You must not leave the workers out. I think there should be voluntary participation by workers in the ownership of businesses, but they must learn to take the bad with the good.'"

[Question] You say that there is a revolution. People are wondering why the government has to fight with everyone and his uncle no matter what project it undertakes.

[Answer] Because they are used to having everything sugar-coated for them. Now that is no longer the case. I fight with everyone, but in good spirits. The problem is, I am infringing on people's interests. This arouses immediate reactions.

[Question] But the people don't earn very much . . . .

[Answer] I would like for them to earn much more. I am not so blind that I do not realize they should earn more. But in order to give more, we must have more. In 1973 the nation spent \$3.9 billion. And what was the inflation rate? Aren't we paying for that now? Any progress we have made has been due to our belt-tightening efforts. But management is yelling too.

#### Inflation

When the subject of more price increases despite government announcements was brought up, Gen Pinochet replied: "Things do not happen instantly in economics. This month I think the inflation rate will be quite high. Now, if it increases much, I imagine there will be adjustments for the difference in the consumer price index. All this is due to the increase in fuel and raw material prices. We are making every effort to prevent prices from jumping further. The dollar is stabilizing, and everything will recover in a while."

He conceded that the private auto system is still not completely functioning, but said that used cars had decreased in price.

#### Margin of Disagreement

[Question] In your Chacarillas speech, you said that there could be disagreement within certain limits. What are those limits?

[Answer] Not crossing the line to the point of acting offensively, destructively, or ignoring the government's support and presuming one is beyond the law, as many gentlemen who speak out are doing now. Many people asked for this government and are now its enemies. They did not understand that a military government must stay in power for a long time, because if it does not the situation cannot be fixed. It was not just a matter of cleaning house. Of course, the same ones who were crying yesterday are coming out against the government today.

There are also reports that elements of Popular Unity became millionaires and destroyed documents regarding loans they got from the State Bank. It is they who have estates and bank accounts in Caracas!

Regarding the limit for disagreement, it is established by decency and honesty. I know that journalists love liberty, of course. Liberty is fine, but not libertinism.

CHILE

EDITORIAL COMMENTS ON RECENT STATEMENTS BY PINOCHET

Santiago EL MERCURIO in Spanish 29 Jul 79 p A-3

[Editorial: "Presidential Words"]

[Text] At a breakfast with journalists assigned to Diego Portales, the president agreed to respond to free and spontaneous questioning from his guests. The variety of topics covered and the casual manner in which they were discussed indicated that His Excellency was expressing his thoughts, with no prepared agenda and no restrictions on printing his remarks.

The words of the chief of state emphasize his feeling that the government is carrying out a profound revolution destined to free social and economic forces and to give opportunities to those His Excellency referred to as the people "without a voice."

The development of this process is strengthened and rejuvenated by the security and tranquility with which the president of the republic confronts problems and meets challenges. His Excellency has a clear idea of how slowly the solutions to this country's basic problems will be implemented. He knows that economic phenomena develop gradually, that our economy is vulnerable to surprises--such as the energy crisis--and that, finally, it is no surprise that along the road to stability problems will arise such as inflationary trends, for example, for which the only solution is to defend the workers by means of the necessary automatic readjustments.

The president used tough language in referring to those labor leaders who are working together with the AFL-CIO and who appear to have ties with the new threats of an anti-Chile boycott. It is impossible to ignore the serious nature of those understandings with foreigners, when each day the true motive of the belligerant statements of the U.S. labor organization becomes clearer and clearer. Their goal is not to shoot down the Labor Plan itself, which should be untouchable, but to pressure the Chilean Government and to threaten President Pinochet. The leaders of the so-called Group of Ten have gone beyond simply defending their unionist principles. In fact, they are engaged in the dubious work of opposing the regime, with American assistance.

Another of the many topics covered by His Excellency with the newsmen was that of the development of our institutions. This is not the first time that the

president has pointed out that the process begun by the Armed Forces on 11 September is not simply a matter of "cleaning house," but of "straightening out the country." By its very nature, this task requires time. Thus, the chief of state is concerned periodically with the reassurance of those who are nervous about the changes in our institutions, or who question the government's ability to direct the development of the new institutions that will consolidate the achievements made.

The president did not comment on the remarks made in public by Gen Gustavo Leigh on the anniversary of his departure from the Junta. The president would only say that in his opinion the government was justified in relieving him of his duties.

Just as the president has constantly supported the economic program, now he has taken a similar stance with regard to the Labor Plan, which is simply one of the consequences of the former. He particularly emphasized the egalitarian ends of that plan, and the greater opportunities it offers to the great mass of workers. He also stressed the innovative nature of the plan and consequently the need to avoid old standards in judging new ideas.

With the serenity of one who is accustomed to discussing such subjects, His Excellency mentioned in passing the huge international campaign against his government and himself, in which large sums of money had been invested in effective propaganda mechanisms. It is well known that the anti-Chile campaign abroad will stop at nothing, and is hurling insults and libel that no one in our country could take seriously.

Finally, the president's breakfast meeting with journalists served especially to show the chief of state's excellent spirits and his firm willingness to continue steadily along the road his government has laid out, despite internal and external pressures.

8926  
CSO: 3010

CHILE

TEXT OF COMMENTS BY LABOR SECRETARY PINERA ON AFL-CIO

Santiago EL CRONISTA in Spanish 28 Jul 79 p 5

[Text] Minister of Labor Jose Pinera, referring to a joint declaration signed by the political-labor group known as the Group of Ten and the U.S. labor organization AFL-CIO, rejecting the government's Labor Plan, termed the document "open intervention" in the internal affairs of our country, something the government and people of Chile are not willing to tolerate.

The text of Pinera's statement follows here:

In view of the "joint declaration" recently signed by the American labor organization AFL-CIO and the Chilean political-labor group known as the Group of Ten, and of the subsequent public statements made yesterday by members of the latter, the Ministry of Labor finds it necessary to make the following response:

1. The opinions of the Labor Plan expressed by the AFL-CIO are an open intervention in the internal affairs of our country, something the government and people of Chile are not willing to tolerate.

It is true that Chilean authorities have tried to correctly inform that labor organization of the true intent and provisions of the government's labor policy, in order to prevent misunderstandings in a group that is sponsoring an international boycott against our country, as if the motives behind it were truly labor concerns. We have tried to inform all major international groups of workers and management in the world of these facts.

However, it is absolutely untrue that the Chilean Government has ever contracted any obligation with the above-mentioned organization, since that would run counter to the sense of independence and dignity of which our nation is justifiably proud. The only obligation the present government has is to the people of Chile, and in that sense the labor laws we have passed constitute one of the most important steps the country has taken towards a more free, just and progressive society.

The Group of Ten's assertion that there has been an alleged "commitment" between the Chilean Government and the AFL-CIO is contradicted in the very

declaration signed by the two organizations, which states that it is "false" that the Chilean Government has been in continuous contact with the AFL-CIO. How can the Group of Ten make such a blatant contradiction only days later? The only answer is found in the confusion that reigns among those who are motivated by selfish interests.

2. Concerning the AFL-CIO's opinion of our Labor Plan, it is simply a diatribe which they have not even attempted to back up. It's not surprising, either.

It would be very difficult for that American organization to justify its assertion that the new Chilean legislation is "repressive" and contrary to the workers' interests, maintaining that collective bargaining must begin on the basis of a guarantee of a wage adjustment at least equal to 100 percent of the cost of living increase, while in the United States the unions are engaged in an arduous and probably futile battle to win wage adjustments that even compensate for inflation.

It is even more difficult for the AFL-CIO to challenge the new Chilean system of collective bargaining and strikes, when in the United States they have agreed to a system which allows the employer, if he desires, to temporarily or permanently replace workers the moment a strike begins, without any time limit.

In any case, the American organization is hereby notified that its opinion of our Labor Plan, as well as any forceful measures it imposes against Chile, will meet with firm government opposition. The government adamantly opposes foreign intervention in our internal affairs, and will not be swayed in its determination to follow unceasingly the road laid out by our new labor laws.

Its "joint declaration" with the Group of Ten serves only to inform the Chilean Government that the AFL-CIO has decided to let politics govern its relations with Chile; it makes it easy to tell who are its puppets in our country. Its interventionist ends will have shameful ramifications in U.S. politics and will become all too clear very soon.

3. As far as the political-labor organization called the Group of Ten is concerned, it does not even represent the workers, and the country should be aware of the serious implications of a group of Chilean leaders traveling to a foreign power to have a "joint declaration" signed by a foreign labor organization in order to express its opinions on Chilean legislation.

This attitude of mental and moral colonialism is unprecedented in the history of the Chilean labor movement, and will forever stain the reputations of those leaders. Their names will always be remembered with the disdain that all Chileans feel towards those who lose their honor and dignity as patriotic Chileans.

Their dependence on foreigners is clear in all their actions; it will be recalled that a few weeks ago the Group of Ten traveled to the south of our country not just to oppose the Labor Plan but also to ask the current government

to step down. They did all this accompanied by the then labor attache of the United States in Chile. These events lead to the necessary conclusions to be able to judge what happens in the near future.

Every Chilean worker knows that in our country there is ample room for legitimate disagreement. In accordance with that, the government has expressed its willingness to improve specific aspects of the Labor Plan if it is responsibly shown that such revisions are necessary, as long as the basic concepts are not altered. However, to collude with foreign organizations, as this group has done, is something repugnant to all good Chileans.

4. Finally, the government would like to make it quite clear that the Group of Ten's instigation of a general strike to protest the Labor Plan is just a ridiculous, unworkable joke that will receive no backing from the workers. Perhaps that is why they have couched the call to strike in deceptive terms.

The above, as well as the public support for the boycott against Chile that has come from these political-union leaders, forces the government to take immediate countermeasures; thus they are attempting to make this plot against the nation appear to be a so-called struggle in defense of the "victims" of the measures they are trying to provoke.

For this very reason, the government will not be lured into such a trap. But it would like to convey clearly to the people of Chile that if aggressive measures are taken against Chile--as His Excellency the president has said repeatedly--the authorities will enforce the law to the letter, and will proceed with the necessary force not only against the political-labor leaders who are engaged in this plot against the country, but also against those who surreptitiously support them with actions that have already been detected.

At the same time, the government calls upon all Chileans to close ranks in terms of our sovereignty, and to act responsibly in aiding our new labor institutions to progress, as the best response to foreign interventionists and their internal allies. Their defeat will be one more victory for Chile.

8926  
CSO: 3010

CHILE

RUMORS REPORTED ON POSSIBLE HARSH MEASURES AGAINST 'GROUP OF TEN'

Santiago QUE PASA in Spanish 2 Aug 79 pp 7, 8

[Excerpt] The internal agitation provoked by both the Group of Ten and members of the former christian democratic movement sparked rumors that Rios y Flores and Castillo y Zaldivar would be expelled from the country (there was even mention of already signed decrees). The minister of the interior replied tersely that that "was not correct."

Minister Pinera, for his part, responded to Eduardo Rios' threats of a strike and the also threatening criticism of the AFL-CIO by saying that despite that provocation the government would not allow itself to be lured into such a trap. He claimed they were trying to make the political-labor leaders into "victims." However, Pinera added, all citizens should clearly understand that "if aggressive measures are taken against Chile, the authorities will enforce the law to the letter, and will proceed with the necessary force not only against the political-labor leaders who are engaged in this plot against the country, but also against those who surreptitiously support them with actions that have already been detected."

Another factor in the rumor that the "hard line" will prevail in the government's handling of this situation, was the pressure applied by important U.S. authorities concerning the Letelier case. This pressure is very similar to that applied last year at this time when planning was begun for an anti-Chile boycott. It is well known that President Carter, due to political commitments made during his presidential campaign to the left wing of his party (represented by Senator Edward Kennedy), gave important positions in his administration to followers of that senator. As a result, the Kennedy supporters have practically taken the State Department by storm. The young politicians predominated within a short period of time, and often their opinions and decisions outweigh those of career diplomats.

In the case of Chile, the Kennedy supporters within and outside of the Administration have adamantly insisted on using all types of pressure in order to destabilize General Pinochet's government: economic and arms supply pressures, through the U.S. Congress; pressure through extraditions; criticism of the Labor Plan using their influence on the AFL-CIO; approval of the attempted boycott, etc. This action has been encouraged by events in Nicaragua, where although their political situation is quite different from ours, the Americans of the "liberal" persuasion have actively and openly intervened with the consent of their ambassador in that country.

CHILE

PRESIDENT OF 'GROUP OF TEN' RIOS ON LABOR PLAN, OTHER TOPICS

Santiago ERCILLA in Spanish 1 Aug 79 pp 12-14

[Interview with Eduardo Rios, president of the Group of Ten, by Magdalena Cruzat]

[Text] The time he spent in Carabineros is reflected in his bearing and his polite but commanding voice. He claims to have no political ambitions, but when he speaks as president of the Group of Ten, Eduardo Rios (54, married with three children) uses expressions, mannerisms and intonations that no ordinary labor leader would use. He has grown in recent years.

His public school education and childhood are far away. Today he is an educated man who can boast several specialized courses in the United States.

From the sea, where he did his union apprenticeship, he went on to other areas. His voice--he claims to represent more than 20 organizations--emits sound waves that have a political resonance. That is why he wears a fancy jacket, why he has an unceasing international itinerary.

His style of leadership is characterized by ease and experienced skill. It is claimed that he calls the shots for international workers' organizations and a dissolved political party.

Since 1954 he has held "all imaginable jobs in the maritime industry," without losing touch with his original union, the longshoremen's union (covering administrative port activities).

[Question] ERCILLA has learned that you represent 66 workers. . . .

[Answer] I belong to a major union, of which I was president for 13 years. I am president of the Federation of Longshoremen, which I admit is small in numbers. We always say it has a huge engine and a tiny chassis. But don't forget that I am the legitimate president of the Chilean Maritime Confederation (COMACH), as well as the Group of Ten; so representativeness is relative.

[Question] But it appears that the rank and file members asked that you be removed from COMACH.

[Answer] That is the explanation that has been given. The truth is that it was imposed by the government because I disagreed with it.

#### Party Loyalty

[Question] Why did that happen, after you initially gave full support to this government?

[Answer] Actually, we had great expectations for the military government, so in the first few months we accepted some of the new authorities' requests. I do not believe in communism nor in the class struggle, much less the leftist leaders of this country.

[Question] Then how do you explain your call for unity among all union movements, including the Marxists?

[Answer] If we haven't achieved anything as an independent group, there is no alternative but to overcome philosophical, ideological and political differences and form a common front to do something together. It is not our fault; the blame lies with those who refused to reason and discuss.

Rios' political ideology, like that of most of the Group of Ten leaders, is well-known. The leader admits having been a Christian Democrat until the demise of that party. Today he has close contacts with that group, "because we cannot forget those who were our friends for 20 years." Although he does not consider himself a professional politician--"I don't earn my living by politics"--he steadfastly maintains that "I have a political idea, I have always had it and I will continue to have it."

His ideas about the labor movement have changed right along with the party's ideas.

During the first year of military rule Rios went to London to try to stop an attempted boycott, he says, and was successful. Later he went to Mexico, where he explained the reasons for the change in government to the Regional Inter-American Labor Organization (ORIT). Later, he headed the delegation of Chilean workers to the 59th conference of the ILO.

[Question] Why did you oppose the boycott then?

[Answer] It was called because of a disregard for the things workers had won for themselves, their labor contracts, and because of the trampling of union rights and freedoms. Until then we had accepted such measures, because they were temporary and natural in an emergency government. But this government is no longer in a state of emergency, so its measures aren't emergency measures.

[Question] At that time did you realize that the boycott would damage Chile so seriously?

[Answer] Of course. Any boycott would damage Chile. But experience tells me that this measure has never been applied capriciously.

[Question] Why do you seem to be advocating a boycott now?

[Answer] We have not called for a boycott. We have simply expressed our opinion about the legislation.

[Question] Would you try to stop a boycott again?

[Answer] Stop a boycott so that this government can continue to pass legislation such as the Labor Plan? No. The government must respond, not I. And since I don't represent anyone, according to Minister Pinera, how can they ask such a thing of me? I am Eduardo Ríos, period.

Open Interventionism?

[Question] The Group of Ten has been called a dependent organization, manipulated by international organizations such as the AFL-CIO. . . .

[Answer] I have had contacts with the AFL-CIO since 1959 and earlier. I have taken several courses in the United States, and I am good friends with some of its leaders. The contact has intensified recently because we need it to be present. Letters are no longer enough, because they systematically read our mail. But this contact does not mean that we are going to ask their advice. Everyone defends his own point of view. We have disagreed many times, and we will continue to do so.

[Question] Then why have the Group of Ten and the AFL-CIO signed a joint declaration? Don't you feel that that is open interventionism?

[Answer] For many years, the interests of workers have gone beyond their national borders. For that reason, there are international organizations. We belong to the ORIT and the CIOSL [expansion unknown], where our activities are not limited to paying dues and attending congresses.

[Question] Your critics say that disagreements should be kept at home, without any need to appeal for external aid to discredit the government. . . .

[Answer] It is very different if you live in a democracy, where individuals and their ideas are respected. When you live under a dictatorship and people have to remain silent no matter what, it is hard to wash your dirty linen at home; you must wash them wherever you can.

[Question] You have said twice recently that this government "has failed and should step down." Do you believe that you can state that publicly in a dictatorship, without reprisals?

He evades the question, and ends up agreeing that any government that stays in power longer than 6 years is a dictatorship. "On 12 September we will meet again, and I will ask you: 'Well, what happened?'"

[Question] A few days ago you called for a general strike. How do you justify such an action?

[Answer] When all the means to reach an understanding have been exhausted, there is no alternative but to use extreme measures. Especially if legislation that is not temporary, but permanent, is passed, like the Labor Plan that will last many years. We are convinced that it will lead to many problems in Chile, because this has happened with all restrictive legislation. Don't think that by practically annulling the right to strike it is possible to prevent workers from stopping their activities at some point; or that by preventing them from drawing up petitions it is possible to keep them from attaining their goals in some other way. The legislation will have to develop gradually, but there will be a high cost to the workers.

### Eighty Dictatorships

[Question] Those who have studied the Labor Plan in detail say that for the first time there are laws upholding conventions 87 and 98 of the ILO regarding the freedom to join a union and collective bargaining. . . .

[Answer] I don't know who could have said that. I would like to point out that the structure of the ILO is not representative of workers. They have a participation of 25 percent. Moreover, do you know that of the 130-odd countries that belong to the ILO, nearly 80 are dictatorships?

[Question] Does this mean that you are claiming the ILO is not representative?

[Answer] No, it is representative, although I think its structure is a little obsolete. How could it not be, when the governments can name not only their representatives, but also those of the workers and of management, with the sole restriction that the leaders sent come from the most representative organizations in the country? So it is debatable whether one can act with any independence.

[Question] But do you agree with the ILO conventions?

[Answer] Of course. They are not perfect, because none of them has reflected the workers' aspirations 100 percent. The conventions are actually a sort of compromise among the parties involved.

[Question] However, do you at least concede that the Labor Plan complies with the ILO conventions on union freedoms?

[Answer] Convention 87 recognizes the freedom to decide to join or not to join. I also recognize that; I am not in favor of a single union representing everyone. I favor union pluralism, which many people have confused with parallelism.

[Question] In that sense, do you agree with the current law?

[Answer] Slow down a little, don't go so fast. I do recognize that in that sense there is freedom to join a union. But that freedom is a whole which contains some aspects that are restricted: it does not recognize union members' right to elect their own authorities, since the law places some limitations on that freedom, for example the presence of a minister at the elections, who must be a government official on more than one occasion.

[Question] Are you insinuating that the elections will be manipulated?

[Answer] Experience has made me lose faith. Here there have been censure votes in which work inspectors have kept votes in their pockets. I don't understand why, when the government and the minister mention respecting liberty, they restrict it in some aspects. Why play with words? Let's not try to surprise anyone. We are willing to accept many things; in fact, we participated in commissions named by former Minister Nicomedes Diaz to study a draft proposal submitted by General Pinochet himself. There we agreed to discuss with the government and with management, and we reached an agreement. We do not want chaos or anarchy. We want to arrive at what the government wants: a strong and apolitical union movement. But while they say they want one thing, they are doing something else which will have different results.

[Question] Why reject the Labor Plan a priori? Why not see how it works first?

[Answer] Look. I have been involved in this for more than 20 years. I knew the earlier legislation, and it was not good; it was bad. It did not allow unions to develop, because it made them depend on political sectors since they did not have the power nor the ability to work on their own. However, they had more than they do now.

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CSO: 3010

## CHILE

### GOVERNMENT'S LABOR PLAN SAID TO WEAKEN UNION MOVEMENT

Santiago MENSAJE in Spanish No 281, Aug 79 pp 433-437

Article by Jaime Ruiz-Tagle P. "The New Labor Plan: Freedom or Liberalism?"

[Text] In early July the government issued five decrees which not only constitute the Labor Plan but also are the first systematic judicial expression of the new institutional order that it is attempting to establish in Chile. The decrees contain norms dealing with union organization, collective bargaining, control of monopolies, employers union associations and workers pay.<sup>1</sup> In addition, Article 3 of the Constitution was amended to adapt it to the new labor legislation.

#### Preliminary Observations

The first thing which strikes a democratic observer is the way in which this new legislation has come about: the constitution is changed by decree. The norms have not been produced in a democratic manner, nor has there been participation by the labor organizations or by a wide range of experts.

Second, it is surprising that the Labor Plan does not include regulations governing worker-run companies, worker ownership of capital or profit sharing because not long ago the Chilean economic right submitted a proposal for an integrated company which would allow the workers to own at least one-third of the capital and, consequently, control one-third of the company and receive one-third of its profits.<sup>2</sup>

#### The Trade Unions

One of the most important aspects of the new legislation is that it has separated the unions from the collective bargaining process. Although it might seem shocking to Chilean historical tradition, now unions can exist without collective bargaining and there can be collective bargaining without unions. In other words, there will be some unions that cannot carry out their basic functions while small groups of non-union workers will be able to use collective bargaining. The separation of collective bargaining from the union process gives us an idea of whether the plan will strengthen the unions or not.

But let us take a closer look at the decrees' contents and compare them with legislation in effect before 1973.

First, no distinction is made between industrial, professional and agricultural unions. As is known previous legislation described industrial unions as being composed of blue-collar workers and professional unions of white-collar workers (in a majority of cases), independent workers or workers from several companies. With the removal of the legal distinction between blue-collar and white-collar workers, all workers can belong to the same union which, in principle, could contribute to trade union unity.

Now, four kinds of unions have been established: (a) company unions composed of workers from a particular company, (b) inter-company unions composed of workers from at least three companies, (c) independent workers unions composed of trades people and (d) construction unions. The only ones who can make use of collective bargaining are company unions. Categories (b) and (c) must limit their functions to representation, education and mutual help. The construction unions are merely employment bureaus. The ones which will truly function as unions are the company unions.<sup>3</sup>

The workers have indicated that the recent decrees will split the union movement. Why? Because based on the old legislation, once the workers within a company by majority vote decide to form a union, all workers automatically become members. Not more than one industrial union per company could be formed. Today, 10 percent of the workers (with a minimum of 25 workers) can form a union,<sup>4</sup> so that in a company with over 250 workers there can be up to 10 unions. On the other hand, membership is voluntary.

Consistent with this policy of making it easy to form small unions is the authorization to form unions in companies with less than 25 workers with a minimum of eight members.<sup>5</sup>

Fragmentation will be even worse in the agricultural sector where company unions must be formed by estate or farm and not by village as established by Law 16.625. Thanks to this law, agricultural unions had an average size considerably larger than the other kinds of unions.<sup>6</sup> In addition, previously those who worked on small farms, even though there were less than eight workers, could form a union and participate in the collective bargaining process. That is not possible today. Thus a peasant leader said correctly that "peasant union organization has been cruelly destroyed."

The unions will be able to join federations or confederations but the latter will not be able to take part in the collective bargaining process. Their activities will be limited to providing technical assistance, education and mutual assistance. This is especially serious in the case of the federations that united the diverse unions of the same company and those which could unite the action of workers who are geographically separated.<sup>7</sup>

In other countries such as the United States, workers from one company may join different unions but the power to negotiate has not been taken from the

federations. Thus it is the large federations, which have large financial means and technical assistance, that defend the workers interests. Here in Chile not only has it been made easier to form small company unions, but they are forbidden from negotiating through federations.<sup>8</sup>

According to the sponsors of the new system, the objective is to liberalize unions and prevent "monopolization of the workers by the large confederations."<sup>9</sup> To make liberalization easier, the granting of legal status has been expedited with the creation of a new system which simply requires recognition by the Labor Inspection Office.<sup>10</sup>

The financial structure which has been decreed is consistent with the tendency to weaken the large union organizations. In short, in company unions the employer can deduct the regular union dues from the paycheck if agreed to by an absolute majority of the members.<sup>11</sup> On the other hand, in inter-company unions each worker must authorize the respective deduction. With respect to federations and confederations, dues cannot be deducted from the paycheck.<sup>12</sup> In other words, the larger the organization, the more difficult it will be for it to collect funds. The Chilean trade union movement which was economically weak in the past<sup>13</sup> will be even more so in the future.

#### Collective Bargaining

We have already indicated that only company unions will be able to take part in the collective bargaining process. If a progressive employer wants to negotiate with workers from several companies he would automatically be operating outside the law.<sup>14</sup> So that individual freedom--which can be readily exercised when it involves the creation of small unions--is curtailed in this case where the result would be the union of a larger number of white-collar or blue-collar workers.

At the same time, large sectors of workers will be excluded from the collective bargaining process: those from the government services and institutions sector, either centralized or decentralized, those from the judicial branch and those from the universities.<sup>15</sup>

In addition, the number of items which can be the subject of collective bargaining or settlement have been drastically reduced. Among those that have been excluded it is important to mention "those which limit the authority of the employer to organize, direct and manage the company" (Article 12). In other words, if a progressive employer wishes to negotiate with the workers their part in the management of the company, he would be unable to do so. Once more individual liberties are thrown aside if the net result is more power for the workers.<sup>16</sup> The same logic is applied to the ban on discussing matters which might pertain to financing union or workers organizations. At the same time, workers solidarity is hamstrung since it is forbidden to discuss matters referring to people who do not belong to the union (or to the negotiating group) or who are not authorized to engage in collective bargaining. Thus, for example, the workers from one union will not be able to support the demands of apprentices or of seasonal workers because they are prohibited from participating in negotiations.

With all of these restrictions, one can only wonder who can negotiate, what can be negotiated and under what conditions negotiations can take place. Company unions can negotiate but so can any negotiating group as long as it is composed of the minimum number of workers required to constitute a union (cf supra). Such a unique provision makes it easy--once again--to divide labor's rank and file.

Only pay and work conditions can be negotiated, but nothing having to do with the rate of production, promotions, the use of machinery and so forth. However, there is a provision which favors wage earners: an employer cannot pay less in real terms than the previous wage level (it must be adjusted at least 100 percent based on the Consumer Price Index). This is a very progressive idea but it should be placed within the context of the present Chilean reality: wage earners will begin negotiations from extremely low pay levels.

And finally, it is necessary to underscore that the gains made by a union or negotiating group will only benefit its members. Therefore, differences in pay among workers doing the same work, possessing the same skills and producing at the same rate will be accentuated.

#### Right to Strike?

Without going into detail into the negotiation mechanism, mediation and arbitration, it is necessary to point to the restrictions which have been placed on the right to strike and to analyze the right to call for a lock-out which employers have been given.

First, strikes can last for a maximum of 60 days. At the end of that period the workers must return to work and, if they do not, they will be considered to have resigned voluntarily. Second, after 30 days of being on strike any worker can leave the negotiating table and return to work. This provision has been interpreted by union leaders as desertion legislation. Third, at any time during the strike, 10 percent of the workers involved in the strike can call for a vote to censure the negotiating committee, to make their views known on any offers made by the employer or to submit the matter to arbitration. Thus, under the guise of being more democratic at the rank and file level, the work of the leaders, freely elected by the workers, is made more difficult and their mandate is undercut. Fourth, during the strike the employer may hire any number of workers he feels is necessary. This provision greatly reduces the impact of the strike--especially if the unemployment rate over the past 5 years is taken into account--and it promotes confrontations between the workers. In the words of one leader, "the right to break a strike is consecrated." And last but not least, there is still an undetermined number of companies where strikes will not be permitted.<sup>18</sup>

In view of this long list of restrictions, it is easy to see that the workers' ability to use pressure is extremely limited. Employers, on the other hand, have been given a new pressure tactic which they had not

previously had in any of Chile's social legislation to date: the lock-out or employers strike. If the strike affects over 50 percent of the workers or if it stops activities that are essential to a company's operations, employers are entitled to shut down a company, either partially or completely, for 30 days. Under these circumstances, the work contract is suspended and the employer is not required to pay salaries or other benefits. The consequences are clear: those workers not on strike and who are temporarily suspended will pressure their colleagues to end the strike as soon as possible. Again we are faced with a procedure that threatens worker unity and promotes confrontations among them.

#### Divide and Conquer

Throughout this article we have seen that the Labor Plan is based on an individualist concept of liberty. However, individual freedom is important at many levels of life, but when dealing with the action of a worker in a large organization such as a company, individual freedom should be subordinated for the good of the group, of the trade union so that the united power of the employers can be met with sufficient force. In the extreme, individualism negates freedom because it abandons and isolates the weak and leaves them to face the stronger individuals alone. True freedom for the worker lies in unity, in organization, in solidarity and not in "irrevocable individual rights."

The Labor Plan formally respects the ILO's agreements on union liberty,<sup>19</sup> but going beyond mere form it tends to divide the Chilean workers, to weaken and split their organizations. "Divide and conquer" was the slogan of the Roman emperors. Over a divided working class, the power of money will reign without a counterweight. Liberalism in the end suppresses freedom.

That is why the plan is a challenge to the maturity of the Chilean workers. Will they be able to place solidarity above legitimate ideological differences? Will they be able to fight together despite this adverse judicial framework? It is always possible to write correctly on crooked lines.

14 July 1979

#### FOOTNOTES

1. We will discuss only the first two items which are the most important.
2. Cf. Alfredo Alcaino and others: "Participation in a New Society," Ediciones Portada, Santiago, c1972, 222 pages.
3. For example, the National Union of Inter-Provincial Collective Transportation--an inter-company union according to the new decree--has stated: "For us, Minister Pinera's announcement is a death knell for organized labor." The same holds true for the union of trade workers, vendors, electricians, announcers and so forth.

4. The average membership per industrial union in 1977 was 129 and 119 for professional unions. Cf. Eduardo Rios "Effective Collective Bargaining," MENSAJE, No. 280, July 1979, p 381.
5. The old legislation required a minimum of 25. On the other hand, public sector workers who previously worked through para-union organizations will now be able to form unions under the same terms as private sector workers.
6. An average of 321 members. Cf. Eduardo Rios. *Ibid.*
7. For example, one of the most important gains made by the Construction Federation--outlawed in 1978--was the creation of a Tripartite Commission that went into operation in 1964 with government, employer and worker participation. Its purpose was to set national work conditions and pay standards for this sector. Cf. J. Ruiz-Tagle, "FIEMC's 40 Years: 1934-1974," MENSAJE, No. 235, December 1974. Today, many construction workers, who are among the poorest in the nation, will remain outside the collective bargaining process.
8. The labor bill drafted in 1975 under Labor Minister Gen Nicanor Diaz permitted union pluralism at the rank and file level, but it made possible collective bargaining for each area of economic activity through the federations.
9. *EL MERCURIO*, February 7, 1979. The reference to union "monopoly," which is novel because of the way it was used before in Chile, can also be found in Milton Friedman, the champion of modern day liberalism. Cf. "Capitalism and Freedom," Rialp, Madrid, 1969.
10. Previously, industrial and professional unions were required to go through a process of concession which was frequently long and annoying. The simple process of recognition was already in use for the agricultural unions.
11. Special dues cannot be deducted from the paycheck even if all the members agree to it and this will make it difficult to collect funds.
12. Remember that according to Law 16.625 of 1967 peasant federations were financed by 2 percent of the funds which employers were required to pay to the Union Education and Extension Fund.
13. Cf. James O. Morris and Roberto Oyaneder, "Trade Union Affiliation and Financing in Chile, 1932-59," Editora Universitaria, Santiago, 1962. The fragile financial structure of unions together with their small size has been one of the major causes of union political involvement.
14. The decree is emphatic in this case: "Negotiations are completely forbidden between one or more employers and workers of more than one

company, regardless of whether they are held according to the procedure established by this law or by any other means." (Article 4)

15. The universities, in particular, are prohibited from taking part in collective bargaining activities affecting "public or private companies or institutions whose budgets in either of the last two calendar years were 50 percent financed by the state." (Article 3)
16. As a counterpoint, it is worth noting that having the workers share in management in West Germany, particularly in the coal and steel sectors, has been largely the result of union action. Cf. J. Ruiz-Tagle, "Germany: Past and Future of Shared Management," MENSAJE, No. 229, June 1974.
17. The wage and salary scale dropped from 100 in 1970 to 91.7 in 1978. To determine this scale National Bureau of Statistics figures were deflated by properly recalculating the Consumer Price Index.
18. Including public utilities and those where a strike would harm the people's health, hinder supplies, the national economy or affect national security.
19. Cf. "Trade Union Freedom," ILO, Geneva, 1972, 165 pages and J. Ruiz-Tagle, "The Work Day and Trade Union Freedom," MENSAJE, No. 228, May, 1974. This plan is the government's response to criticism from international labor organizations threatening to boycott Chile. It is possible that the plan will quiet the critics and prevent the boycott since, as far as the repressive policy of the preceding years is concerned, it represents unquestionable progress. However, keeping the leaders elected on 31 October 1978 in office for 4 years will not fail to arouse international repudiation. See the decree's Transitory Article 3 on union organization.

8599

CSO: 3010

CHILE

WASHINGTON ACCUSED OF DESTABILIZING EFFORTS

Santiago EL MERCURIO in Spanish 29 Jul 79 p A-3

/Editorial: "The Hand of Intervention"

/Text/ The joint AFL-CIO-Group of Ten agreement on the Labor Plan is one of the most extraordinary documents that the Chilean public has ever heard of.

It is extraordinary that a piece of Chilean legislation, resulting from our nation's free exercise of its sovereignty, is being judged by this strange, mixed tribunal that is composed of U.S. labor leaders and a minority group of Chilean labor leaders.

It is surprising and improper that the letterhead on the joint statement has a U.S. format which states that the document contains "AFL-CIO news."

But it is very puzzling and unacceptable that the joint statement is limited to a diatribe against the Chilean government. The document does not contain an analysis of the full and complex Chilean Labor Plan. It only contains emotional and unfounded accusations. It contains purely offensive charges that reveal the arrogance which explains why the AFL-CIO is not well received in some countries and why it is accused of being an overt arm of the CIA in certain labor matters.

The violent tone of the document is coupled with the false and rash charges of the coauthors, that is the leaders of the so-called Group of 10. These men have imagined that there is an agreement between the government and the AFL-CIO, a fact denied by the Minister of Labor in a forceful official statement, and they pretend that the boycott threatening Chile would be the result of our country's failure to keep its commitments or promises to the U.S. labor organization.

The truth is that the AFL-CIO has been incited to exert pressure by the erroneous information and leanings of a group of Chilean political and labor leaders. Naturally the real reason for the pressure is not limited

to that small group of frustrated individuals. The union sabotage supported by the AFL-CIO is in response to the interventionist hand of the United States, the "big hand" as this policy is called in Central America.

The United States, which lives with its back to Latin America reality, which does not know this area just as it ignored the development of problems in Indochina and paid for its ignorance with the Vietnam disaster, is committing very serious strategic and tactical errors in this area of the world. At present, for example, their political strategists are on the verge of confusing the cases of dictators Batista and Somoza--strong men put in office by the United States which benefitted from their domination of their respective nations and supported them until the eve of their fall with U.S. forces--with the organic military regimes of the Southern Cone and, in particular, with the Chilean regime of President Pinochet. U.S. analysts are satisfied with the primary view of "right-wing military dictatorships," instead of asking for assistance from keener, more independent minds within the United States to help them understand the situation. If the latter were possible, the decisionmakers in Washington would know that the Chilean regime did not come to power as a result of U.S. intervention. Rather, the new regime was very quickly looked upon with suspicion and mistrust by the United States. They would also know that the regime resulted from an averted civil war and that it is a spontaneous response to the effective dangers of a communist experience that was being implemented through distorted democratic means, that the system is based on consensus and that after nearly 6 years of living with a harsh policy to stabilize the economy and rebuild the nation, the majority of the people support the government even though there is political unrest here. They would also learn that civic responsibility is more acute in Chile than in other areas of Latin America.

The unfortunate mixup with the U.S. experience with Batista and Somoza appears to lead Washington's experts to exert pressure to destabilize the Chilean regime. The Letelier case appeared to be designed to blame our government for a crime and to create problems for it within the armed forces. Since that time, the U.S. attorney himself has acknowledged before the Supreme Court that Chilean officials were not involved in the Letelier case. However, the political and press reactions in Washington to the decision of Supreme Court President Israel Borquez are well known. And now to prevent the Supreme Court, a court of appeals, from substantially changing President Borquez decision, suspicious movements of the AFL-CIO are being felt with the help of The 10 and perhaps of some political sectors close to them.

Chile's road is not an easy one, but our officials and the Chilean people are fully confident that the present threats will be surmounted and that the victory over these threats will provide us with an opportunity to make our national, independent development more mature and vigorous.

8599  
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CHILE

AFL-CIO'S INTERFERENCE IN INTERNAL AFFAIRS CRITICIZED

Santiago EL MERCURIO in Spanish 28 Jul 79 p A-3

/Editorial: "The AFL-CIO's Conduct"

/Text/ The AFL-CIO has made a statement about the Labor Plan in disconcerting terms which reveals evidence of a political alliance that goes beyond the independent opinion of the U.S. labor union.

There is no other way to explain the degree of vehemence of its emphasis which is lacking in reason and analysis but bold in making the claim that the Labor Plan represents "bad faith" on the part of the Chilean government and a desire to hinder the union struggle.

Whoever rereads the AFL-CIO statement will be up against a stone wall if they attempt to understand it in light of the past work usually attributed to the U.S. labor movement. The text contains nothing specific about violations of labor rights or of workers rights which the Chilean legislation is allegedly guilty of. It is merely limited to making a condemnation. It honestly was not worth it for the AFL-CIO to wait 6 months to become familiar with the Labor Plan before going ahead with its boycott of our country.

The AFL-CIO's conduct brings with it an imperial language, a language of political arrogance and use of force that does not leave room for reason. From this point of view it presents a new situation because it kills the idea that the labor union is truly interested in the existence of free trade unions in our country.

The impact that events in Nicaragua have had on the AFL-CIO's attitude are highly visible. Once the United States lost its ability to positively influence conditions favorable to democracy and to freedom in Latin American countries, the AFL-CIO--or at least its leaders--came over to the side of the dominant sectors in the State Department. This becomes, in practice, an exercise of imperialist influence in reverse to stimulate political unrest that has the support of the enemies and critics of the U.S. position.

The influence and true power of the U.S. labor movement stems from the fact that never in the past has it undertaken ideological causes nor has it ever expressed its solidarity with pressures that did not originate from its own organization.

With respect to Chile, until now its conduct might displease many, but unquestionably it was doing what it had done traditionally: fight for the existence of labor unions and free trade union associations. Now that the Chilean government has promulgated a broad package of legal provisions, in which even the most bitter domestic opponents find positive aspects, we have to contend with the novelty of the AFL-CIO's total lack of interest in providing an objective judgment, apparently because it is committed to motives and opportunities that have been imposed from above.

If we had to characterize in some way what the AFL-CIO is trying to achieve with its obsolete statement, we would have to say that it is pursuing an objective of political provocation, one capable of forcing the Chilean government to adopt measures that conflict with the institutional normalization at all levels that recently it has been working to achieve at a steady pace. This goal, which is clearer in the attitude of those who claim to be the Chilean brothers of the AFL-CIO, constitutes an attempt whose end result no one could predict.

Something is quite clear, however, and that is that an outside effort is being made to disrupt the natural progress of the government towards institutional normalization. This effort can only be shattered by the calm and firm action in the face of acts which have been proven to harm Chile. The Minister of Labor's statement demonstrates this firmness and calm in the face of this challenge.

8599

CSO: 3010

CHILE

LABOR MINISTER'S STAND ON AFL-CIO ISSUE APPLAUDED

Santiago TERCERA DE LA HORA in Spanish 30 Jul 79 p 2

/Editorial: "Repudiation of Intervention"

/Text/ Labor Minister Jose Pinera made a statement in which he said that "the AFL-CIO's opinions of the Chilean Labor Plan constitute open intervention in our country's internal affairs which neither the government or the people of Chile are willing to tolerate."

In addition to saying that the text and reasons for the Plan were given on a timely basis to that U.S. labor organization, the minister said that this was done to prevent the group from being uninformed when it came time to resolve a possible international boycott against our country. And he adds: "It is completely false that the government of Chile has ever reached an agreement with the AFL-CIO since this would violate the meaning of independence and dignity which fills our nation with justified pride."

The minister's statement is a loyal interpretation, we dare to maintain, of the feelings of the Chilean people. The remarks by the U.S. organization on the Labor Plan were not only rejected and repudiated but they aroused the anger of the people. The fact is that our national dignity, our pride, will never tolerate efforts to abuse us as is being done in Washington.

There is no political, labor or any other kind of reason for the AFL-CIO to attempt to take a part in directing our nation's destiny or to make threats. In this respect Pinera's statement fits the bill when he warns that the union's opinions as well as its efforts from abroad "will clash with the government's firm resolution not to accept foreign intervention in our internal affairs."

As time passes, rejection of this intervention becomes more intense. It is important for all Chileans to understand that there is a foreign organization which is not only trying to teach us about democracy and the trade union movement here, but it is also trying to impose its own model.

The position taken by the AFL-CIO has laid bare the political intentions of that group. Quite simply it is disregarding Chile's sovereign right to make its own laws and to create a life style that it feels is necessary.

The Chilean people, its workers, do not need tutors. In this respect we are confident that the U.S. labor organization will be much more successful if it tries to impose its formulas on some other nation because we have never been "subjected to foreign domination."

8599

CSO: 3010

## CHILE

### RECENT CHANGES IN ECONOMIC POLICY ANALYZED

Santiago EL MERCURIO in Spanish 21 Jul 79 p A-3

#### Text New Measures

Throughout the last 2 months, little by little a series of changes has been made in our economic policy. Considered as a whole, these changes take on great significance.

Often the meaning of these changes has not been completely clear, because the changes were not made all at once, and also, in some cases, because they are apparently contradictory.

#### Reduction in Government Spending and New Reserves Policy

Perhaps the most important announcement was that of a significant cutback in government spending. After a year of clearly expansionist trends -- the second half of 1978 and the first half of 1979 -- the government has decided to return to conservative growth of public spending, probably to moderate inflationary pressures and primarily because of the magnitude of the deficit in the balance of trade and the current account of the balance of payments.

There is no doubt that the course of our economic policy has been affected by public opinion, both inside and outside the government, which favored an increase in public spending. As has always been the case in our country, as soon as significant international reserves were accumulated and the price of copper rose, the eternal opinions began to be heard; these undoubtedly contributed to an unrestrained expansion in government spending and of credit in general.

The imminent world recession, along with the rise in petroleum prices and the stagnation of the price of copper, have created conditions favoring a decision to lessen the rate of expansion of government spending, and even to create a surplus that will strengthen private business activity, which is in line with the central objective of the new Chilean experiment, which is to base development on the private sector.

The reduction in government spending was accompanied by two steps that mean an increase in private activity. One is the bold program to reduce reserves of time deposits in Chilean currency in the banking system, and another is the elimination of various controls existing on the ability of banks to contract debts in foreign currency. While the latter policy is in practice still not entirely free, it is clear that the government intends to move in this direction.

The apparent contradiction between reducing the rate of growth of government spending, on one hand, and decreasing reserves and increasing the possibility for the private sector to contract foreign debts, on the other, can be explained by the purpose of the authorities, which is to transfer resources from the public sector to the private sector.

The authorities have said that the absence of a deficit in public finances, along with the elimination of all the refinancing that the Central Bank has traditionally allowed, will ensure a stable course for the economy. In other words, the government seems to be able to maintain a precise management of the monetary and credit variables, thus ensuring a reasonable behavior of the balance of payments and the inflation rate.

One step of interest is the placing of diminishing reserves, depending on terms, in foreign credits. In the beginning this seems to have had a restrictive effect on foreign credit, but it is clear that in the end it will tend to bring about primarily an extension of the term of foreign debts. This is of course a positive step to improve the situation of the dates of maturity of Chile's foreign debts which, as we know, are highly concentrated in short term debts. Foreign currency reserves, on the other hand, tend to balance the costs of foreign credit with internal credit, a step that is further reinforced by the reduction of reserves in national currency deposits.

## New Exchange Policy

There has been some discussion of the fact that the new exchange policy means a break with the scale that had been announced earlier, thus causing a possible new loss of confidence in the government. This opinion, which may or may not be correct, is not very important when viewed in relation to the planned reform.

The monetary measures should be interpreted as the putting into effect of a fixed exchange rate that will not be adjusted for a period of time. This exchange rate will be maintained at 39 pesos per dollar until February 1980, which means that the inflationary effect of the decline of the dollar will be moved ahead, and then we will enter a period of greater price stability, precisely as a result of the fixing of the value on the U.S. currency. The government officials nonetheless preferred to introduce some risk, by setting up a 2 percent fluctuation band above and below the value of 39 pesos, which may perhaps inhibit the influx of very short-term credits.

The exchange reform seems to be oriented toward two objectives. The first, to move ahead the inflationary effects derived from the dollar's decline, and with this, to generate expectations of greater stability, once the effects of the devaluation are reflected in prices. This new exchange policy, combined with the policy of austerity in government spending, ensures a decline in inflation toward the end of the year, along with a short and mid-term improvement in the balance of payments structure. A second objective of the new policy could be to guarantee parity to those who have to conduct foreign trade operations, at the same time indicating to them that interesting fluctuations may occur in short-term periods. It is clear that the presence of such a fluctuation band further tends to reduce the role of the Central Bank in the foreign currency market.

This exchange rate, fixed in nominal terms with a range of fluctuation whose magnitude can be regulated, creates suitable conditions for the definitive opening of foreign capital accounts.

The government authorities have repeated on many occasions that their ultimate objective is the complete liberalization of relations with foreign countries. The series of measures adopted in the past 2 months seems to be directed toward this goal, although -- this has been a permanent feature of the present economic authorities -- they are moving gradually and with great moderation.

The exchange measures indicated do have a clear stabilizing effect on prices, and towards the end of this year and in early 1980, they should help Chile to draw near the world inflation levels. Furthermore, the exchange flexibility built into the fluctuation band might enable Chile to partially avoid the international inflation, which is not considered desirable for us to suffer internally.

This use of exchange policy for price stability is only possible on the condition that there exists absolute certainty that the public sector will maintain financial equilibrium, and preferably some surplus. If this certainty does not exist, the favorable stabilizing effects will be lost through a balance of payments crisis, as has happened many times in the past. The advantages the present situation has over the past are that public finances are now under control, and the Central Bank's old issue commitments have completely disappeared.

In an open economy, the exchange rate is fundamental in determining the inflation rate. In this situation, the importance of government spending and credit lies rather in their influence on conditions affecting the equilibrium of the balance of payments.

Too great an expansion of credit or of public spending will affect the rate of inflation marginally, although this effect may be significant in the short term. Nonetheless, the great influence of these variables is on the balance of trade, the current account, and the balance of payments.

Control of government spending is decisive, then, in maintaining the balance of payments in a state of equilibrium, and also for bringing about a transfer of real resources from the public sector to the private sector, in line with the new strategy for development.

#### Principal Conclusions

The latest economic changes are of great importance, especially those concerning control of government spending and the setting of the exchange rate.

The objectives pursued are clear and are no other than to accelerate the process of stabilization, both of prices and of the balance of payments. The first effect will be a significant, but one time, price increase, but then the rate of inflation should little by little be brought to world inflation levels.

Control of government spending ensures us of a reasonable balance of payments position and a growth in credit for the private sector from both internal and external sources, compatible with price goals and with the balance of payments goals.

These recent steps are especially important because they are beginning to show a definitive configuration of what our future economic management system will be. New reductions in reserves and the elimination of restrictions on capital coming from abroad are to be expected. But still unclear at this time is how far this will go, since it is quite possible that there may be an attempt to improve the situation of our foreign debt in various ways, such as by the use of reserves, as has actually started to happen.

The new restrictions on short-term credits affecting imports and exports indicate the government's concern about short-term debts. These restrictions, however, should be considered temporary, since they do not agree with the general philosophy of our current economic policy. They will probably remain in effect while inflation is high and until the situation of the balance of payments is fully stabilized, and all the structural changes brought about during the last 5-year period are well established.

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CSO: 3010

## CHILE

### EXPORTS, IMPORTS RISE IN FIRST HALF OF 1979

Santiago EL MERCURIO in Spanish 26 Jul 79 pp A-1, A-16

Text During the first half of this year, Chile's total exports rose by 43.8 percent, compared with the same period of last year, according to a Central Bank report released yesterday.

This document lists indicators for foreign trade until last June, thus completing the records for the first half of the year.

Shipments of all exports for this period came to \$1.665<sup>4</sup> billion, which was broken down into \$1.12<sup>4</sup> billion in traditional products, and \$541.4 million in non-traditional exports.

The first category, which includes copper and eight other products, showed a growth of 46.6 percent over the first half of 1978, while the non-traditional products increased by 38.3 percent.

The report points out that "the extraordinary dynamism displayed by the rate of growth of non-traditional exports caused its amount in this first half of the year to surpass the total value of all Chilean exports for the entire year of 1976, which came to a value of \$471.1 million."

Among the non-traditional products, the most important categories were minerals, with a growth of 113.3 percent, and industrial products, with a 43 percent increase.

#### Imports

Total imports in the first half of the year came to \$1.7412 billion, a growth rate of 31.3 percent over the first half of 1978.

Of this total, 18.1 percent or \$315.9 million was for imports of petroleum and other fuels and lubricants.

The main increase was recorded in the category of consumer goods, which rose from \$281.7 million to \$387.1 million, an increase of 37.4 percent.

Capital goods, totaling \$358.2 million, grew by 27.5 percent and intermediate goods, amounting to \$990.9 million, grew by 30.4 percent.

According to the Central Bank, "the continued growth in imports is a result of the dynamism of our domestic economic activity and of the greater real disposable income of the people of Chile." The report also states that customs tariffs continued to drop this year, reaching a level close to 10 percent last June.

#### Investment

The Central Bank indicators show that 82.7 percent of the imports of machinery and equipment were made by the private sector, while in the first half of last year the figure was 74.6 percent.

"This trend," says the report, "is the deliberate result of the government's policy to transfer the function of investment to the private sector."

It adds that in accordance with projections, imports of machinery and equipment and other capital goods will in 1979 reach their highest levels in recent decades, and will do so without any type of subsidies or customs exemptions, as in the past.

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CSO: 3010

CHILE

INDUSTRIAL SECTOR UP 10.7 PERCENT IN FIRST HALF OF 1979

Santiago EL MERCURIO in Spanish 28 Jul 79 p C-7

Text Chile's industrial production grew by an average of 10.7 percent during the first half of this year, compared with the same period of last year.

Sales rose by 10.8 percent during this period.

These data were released yesterday by the chief of research of the Industrial Development Association, Sergio Henriquez, during an economic statistics presentation for journalists sponsored by this business group.

The average increase was described by Henriquez as "fairly satisfactory, since it enables the manufacturing industry to be well prepared to meet a possible international recession."

Using 1969 as base 100, the average for the first 6 months of 1979 was 119.8 in production and 119.1 in sales.

Projections

Based on calculations made by the SOFOFA Industrial Development Association at the beginning of this year, the year's industrial growth should be between 8 and 12 percent. Adjustments in this projection made after the announcements by the finance minister now show a figure near 8 percent "or perhaps a little lower," reported Henriquez.

## Categories

The category showing the largest increase, both in production and in sales, was intermediate goods for construction, which grew by 17.8 percent in production and 28.7 percent in sales.

In second place in growth was the category of miscellaneous manufactured goods, which increased by 17.1 percent in production and 12.3 percent in sales.

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CSO: 3010

## CHILE

### TRADE WITH BRAZIL UP 10 PERCENT OVER 1978

Santiago EL MERCURIO in Spanish 21 Jul 79 p A-17

Text Trade between Chile and Brazil has continued growing during 1979 at a rate above 10 percent, and may increase even more in the future, the president of the Chilean-Brazilian Chamber of Commerce, Industry, Tourism, and Transport, Enrique Tornero, reported yesterday. He said that there are many non-traditional products of our country which are entering the huge Brazilian market, while at the same time, Chilean imports from Brazil have been growing at a spectacular pace.

Tornero held a press conference to announce the holding in Santiago on Thursday, 26 July, of the second seminar on trade between Chile and Brazil. He reported that the first of these seminars, held last year, was accompanied by a dynamic increase in our mutual trade, which in 1978 exceeded \$500 million.

The head of Brazil's Commercial Service in Santiago, Ronaldo Veras, said that a knowledge of the commerical potential of both countries is the first requisite for increasing trade. He reported that many Chilean products have not yet reached Brazil, because they are unknown there, and the same thing happens in Chile with respect to some Brazilian products.

### Advantages of the LAFTA

As an example, he reported that Brazil imports woolen fabric from Great Britain and other countries, while Chile produces fabric of the same quality and at competitive prices. The same is true of wine which is mostly imported from Portugal or other European nations. Sales of Chilean wines came to \$3.3 million in 1978 (nearly 40 percent of Chile's total exports), but this figure is still low in relation to the size of the market.

He explained that Chile, as a member of the LAFTA, is in an advantageous position in relation to North American and European competitors. Brazilian importers have to pay a deposit of 100 percent of the value of the products that they purchase abroad; this money is not readjusted and does not earn interest. It is refunded at the end of a 1-year period. The LAFTA countries have no such restriction.

He said that PROCHILE is doing a study of the prospects for exporting other products, and that Brazil is doing the same for the Chilean market. As an example, he pointed out that until now Brazil has generally exhibited capital goods in the FISA [Santiago Industrial Fair], but this year it will include a number of consumer items in its display. "We have to explore all the possibilities that may be mutually advantageous," he said.

He indicated that one demonstration of Brazil's interest in our country was the study of various construction projects in Santiago and in the growing participation of large Brazilian firms in bidding for new construction in Chile.

#### New Exports

Mr Tornero said that one demonstration of dynamism in trade was the inclusion of new products. For example, he said that this year Chile is exporting items as diverse as fillet of eel, tomato seeds, smoked rock salmon, and concentrated pear puree.

In any case, copper makes up the bulk of Chilean exports (between 50 and 60 percent), followed by cellulose and paper, saltpeter, vegetables, and fruits.

In 1978 Chile exported to Brazil \$252 million worth of products, and its imports were \$246 million. "This is in equilibrium," said Tornero. "But in 1976 and 1977 the deficit in the balance of trade on the Brazilian side was \$200 million."

Brazil's main exports to Chile are machinery, vehicles, tobacco, tea, soy oil, etc. In the press conference the possibility of increasing tourism was also mentioned. In this case, too, there is a special system. To leave the country, a Brazilian citizen has to make a deposit equivalent to \$1,000. This requirement is not applied for nations of the southern cone of Latin America.

Participating in the seminar, among others, will be the ambassador from Brazil, Raul de Vicenzi; the head of the Commercial Service, Ronaldo Veras; the international director of the Federation of Industry of Sao Paolo, Benedicto Pires de Almeyda; and the general manager of the Bank of Brazil, Antenor Irineu Puntel. Speaking on behalf of Chile will be Enrique Tornero for the chamber; and representatives of the foreign ministry, the office of tourism, and the chemical and mining association.

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CHILE

UNDERSECRETARY FOR FOREIGN RELATIONS SOTO ON RELATIONS WITH PRC  
Santiago QUE PASA in Spanish 19 Jul 79 pp 41, 42

[Interview with the Undersecretary for Foreign Relations,  
Roberto Soto, by Lillian Calm, date and place not given]

[Text] The news came through on the teletypes. Statesmen from other nations are wondering with some concern about the meaning of Chile's opening up the gateway to Antarctica to China. There have been a number of official visits (both from Chile to China and from China to Chile), and Chancellor Cubillos visited Peking and some other cities last year. In 1979 Minister Roberto Kelly and Col Roberto Soto, undersecretary for foreign relations, went to China. But what are the real stories behind these trips? On what is the friendship between the two countries based? Can it be said categorically that Chile is opening the gateway to Antarctica to China?

Col Roberto Soto met with [redacted] in his office in the foreign ministry, and in an hour's conversation, we asked him about the real dimensions of this rapprochement that has taken place between the two countries, which to many people seem very antagonistic. Our first question follows.

[Question] How can you explain Chile's good relationship with a country of Maoist ideology like China?

[Answer] We have been asked that question many times. Chile is a country which has traditionally respected the self-determination of peoples. It is also pragmatic in its foreign policy. It is obvious that we could not remain locked within our borders from a spirit of dogmatism. This would be illogical in today's world, since the interdependence of a country with the rest of the nations of the international community

is so great. Our government is by definition anticomunist, but it is, even more, against Russian and Cuban imperialism. And I pointed this out to the minister of foreign affairs, Huang Hua, during the meeting I had with him.

Question What are the good relations between Chile and China based on?

Answer On this same respect which China has had for Chile, on its non-intervention in Chile's internal affairs, and on maintaining cordial relations which are increasing in economic, scientific, and cultural matters. So long as this respect is maintained, it is possible to talk and to have a fairly significant exchange. China never tried to interfere and never broke relations with Chile, despite the fact that it knows our position on communism perfectly well. They have never made any suggestions of a political nature to us at all, and we would never do so to them, unlike what has been done to us by the Soviet Union and Cuba, who have constantly harassed us. They interfered before, they are still trying to interfere with us from outside now, and they have tried to cause problems for us. I would even go further and say that we would never allow any country in the world, even one very close to our ideas, to try to intervene in our internal affairs.

#### Economic and Political Achievements

Question What were the main economic achievements of your recent trip to China?

Answer There are two aspects to be considered. The government to government relationship was discussed by the Minister Kelly with China's ministers of the economy and of foreign trade and with others; there were also important economic contacts made by a group of private businessmen who traveled with us.

Question And what about the political aspect?

Answer Undoubtedly the most important thing politically was the meeting I had with Minister Huang Hua, even though my rank is only undersecretary, and the Chinese are very strict about protocol. Through the efforts of Ambassador Huidobro and the request that I had made in Santiago to the ambassador of China, I did obtain an appointment for this meeting. I had also asked if my wife could meet with the wife of Minister Huang Hua, which is quite unusual for the Chinese. I was very

interested in this, since she is well known in her own right; she is an attorney and an expert on maritime law. She did meet with my wife in Peking.

Question Looking back now, can you tell us about some of the issues discussed during your meeting?

Answer We talked for an hour and a half. I delivered to the minister a letter from Chancellor Cubillos, in which he repeated the verbal invitation that he had made to visit Chile. He told me that he liked this idea, and as we had expected, he would have to check his schedule so that this trip could be co-ordinated with a visit to other countries in the area which are friendly to China.

Question What specific points did you discuss?

Answer Among other things, he made a very meticulous review of the world, area by area, and explained to me China's bilateral relations with the various countries. Then we analyzed the influence of social imperialism in the present course of the world's economy and its effects on Chile. We also discussed the expansionist attitude of Soviet and Cuban imperialism and the Chinese-Vietnamese conflict.

#### Southern Cone of Latin America

Question Did you discuss the southern cone area?

Answer Yes. With a geopolitical vision of the present world situation, of the past, and with an estimate of the future, we analyzed Chile's position in the southern cone and the importance to Chile of having sovereignty over the Strait of Magellan and the Drake Passage. For if any problem -- either natural or political -- were to occur which would complicate the use of the Panama Canal, the Strait of Magellan would again take on the importance it had in the 19th century. I told him that this was the reason for the great powers' interest in Chile, a country that appears to be small and remote. He agreed with this assessment.

Question And now for the most controversial point: what about Antarctica?

Answer We had a meeting with the Minister Chen Chen-tung, director of the oceanographic bureau. Our Minister Kelly spoke of the offer that Chile had made to China during the visit of

Chancellor Cubillos, about the possibility of conducting joint scientific research in Antarctica. He spoke of Chile's interest in making this cooperation a reality.

Question Was there any discussion of the Antarctica Treaty?

Answer Yes. Minister Kelly explained to the Chinese official the import of the Treaty and described the limits of Chile's Antarctic Territory and the foundations for its being considered an extension of Chile's Latin American continental territory. Chile was the first country which set boundaries on Antarctica and later other nations did the same. For my part, I explained to the minister the requirements that a country must fulfill to participate in the Antarctica Treaty, and the system's features.

Question Did you talk about developing Antarctica's resources?

Answer While discussing the Treaty, I told him that humanity had a great safeguard in this Treaty which protects Antarctica's resources from development; only scientific research can be done. I told him that prospecting (especially by the great powers) had found large petroleum reserves, manganese nodules, and some living resources such as krill, fish, and algae. I also told him that the great powers had attempted to get authorization to extract Antarctica's energy reserves, which Chile has systematically opposed, since that would mean the end of the Treaty itself and of the protection it affords to this area. It is vitally important to us that this protection be maintained, since we are the closest to Antarctica, and any major operation done there will certainly affect the ecology of our coasts.

#### Chile's Proposals

Question What specific proposals did Chile make to China?

Answer Among other matters, we proposed to consider having a group of Chinese scientists come to Chile to learn about the work we are doing in scientific research. These scientists could work at the Antarctic Institute and then join the annual expedition that goes to Chile's Antarctic Territory. We also discussed the offer made by the Chilean navy for an officer of the Chinese navy to sail on board one of our ships, if they would like to do so, in order to learn about the navigation of this area. We also made another proposal for a group of Chilean experts to go to China to work with Chinese scientists there.

Question What was the Chinese reaction?

Answer The minister thanked us for the information and the offers. He said that his country knew something about the work that Chile is doing in Antarctica and that this would be a good opportunity for China to learn more about these topics. He said he appreciated the value of this research and of the future development of resources, and that in order to learn more about the Antarctic continent, China was ready to do such work and learn about the experiences of Chile and of other friendly countries. He restated the obvious interest his country has in the area, but he said that this work should also be coordinated with other institutes (not just oceanographic). He said that a response would be sent later through diplomatic channels. He also thanked us for our gift of maps and charts and said that his country was studying the establishment of an Antarctic research committee.

Denial

Question Some news agencies reported that an agreement was reached to conduct joint work in Antarctic development. How can this report be explained?

Answer This report was denied not only by our embassy in China, but also by our foreign relations ministry. Where did this story originate? A group of reporters from different news agencies based in Peking met with Mr Kelly in order to learn something about the meetings we were holding every day with our hosts. They kept asking about whether we were discussing Antarctica and if there was an agreement to work together in developing this area. They were told very clearly that this was not true. We also told them that there could be no talk of exploiting resources since we had signed the Antarctica Treaty, which protects that continent from such exploitation. Furthermore, we explained that a small nation could not conduct Antarctic development, and because of the major resources that would be required for an undertaking of such magnitude, that the day when Antarctica was developed, it would have to be done by multinational firms. Despite all this, we were informed by telex from Santiago that these news agencies were spreading the report that an agreement had been reached on joint exploitation of this area. We denied this report, which has nothing at all to do with what Chile proposed to China about Antarctic research.

Question 7 Are other important visits of Chileans to China, or vice versa, coming up?

Answer 7 I think so. I spoke with Minister Hua about this, but it remains to be seen.

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CHILE

SPANISH SHIPBUILDERS MIGHT INVEST HEAVILY IN COUNTRY

Santiago EL MERCURIO in Spanish 22 Jul 79 p C-2

[Text] Some large Spanish shipyards are prepared to supply investment funds and credits for improvements and development of Chile's fishing industry; the initial amount being considered is \$400 million.

This was reported yesterday in an exclusive interview given to EL MERCURIO by Francisco Diaz Martinez, owner of the Gondan shipyards of Puerto Figueras, Asturia, and his legal adviser, commercial manager, and attorney, Bartolome Aragon Gomez, who are spending a few days in Chile to make direct contact with our national fishing industry.

During the beginning of their educational visit which includes meetings with Chilean shipowners and shipbuilders, they went yesterday morning to Valparaiso, where they are to visit the fishing and maritime facilities.

The Spanish businessman said that the offer made to the Chilean shipowners and government officials is designed to develop the infrastructure of Chile's fishing industry, by means of two lines of financing: one from the Spanish government, with a repayment term of 7 to 8 years at current interest rates; and the other, private financing, with a repayment period of 10 to 13 years, with a grace period of 5 years, at very low interest rates, lower than international market levels.

Diaz Martinez also announced that they will be able to establish joint firms with Chilean companies in this sector, and said "there is no limit on credits." He brought along with him plans for some \$400 million of investments. There is

also a possibility of expanding this if necessary with a consortium composed of European banks. "We are proposing specific and immediate solutions, and that is why we wanted to come in person to Chile to learn its fishing situation and to make contact not only with shipowners, but also with the men who work in this important field, the people of the sea, who have great practical experience as they live with the sea every day," said the Spanish shipowner.

Asked about their interest in being involved specially with Chile's fishing development, he answered that this comes from Chile's good economic standing, and also from the special affection that they feel for Chile, as an integral part of Spanish-speaking America. "We feel at home in Chile, just as we do in Spain," he pointed out.

He said that Chile's present economic situation "offers all sorts of guarantees" to the foreign investor, and he added that when people in Spain talk about projects in Chile, a number of financing offers are immediately made. "In a word," said the visitor, "Chile has recovered its international credibility."

Diaz Martinez, who has spent 55 years in the fishing industry, starting out very modestly in 1923, today is the owner of one of the largest Spanish shipyards. They build about four ships a month in the yards in Asturias and Huelva.

He reported that about 2,000 people are directly employed in the two shipyards, and several thousand more work in related industries.

They concluded by saying that the annual ship production comes to a total value of approximately \$6 billion pesetas (about \$90 million).

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## CHILE

1978 TRADE WITH COLOMBIA UP 26 PERCENT

Santiago EL MERCURIO in Spanish 26 Jul 79 p C-3

Text Trade between Chile and Colombia came to a total of \$62.6 million during 1978, a 26 percent increase over their trade in 1977.

This information was reported yesterday by the economic division of the foreign ministry, which said that both imports and exports have maintained a steady rate of growth starting in 1975.

According to this report, Chilean exports to Colombia are increasingly of products negotiated through LAFTA (74 percent in 1978). Imports from Colombia were 83 percent products negotiated through LAFTA, according to INCOMEX Foreign Trade Institute statistics.

Chile's exports cover a total of over 100 tariff items, while Chile's purchases from Colombia are over 60 items.

The principal products imported from Colombia are: lampblack, cotton, cotton cloth, cigarette papers, perfumes, citric acid, etc.

Chilean exports are: fish oil, finished copper, cellulose, vegetables, fresh fruits, compressor units for refrigeration, and bottled wine.

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CSO: 3010

POSSIBLE NUCLEAR POWER PLANT UNDER EXAMINATION

Santiago EL MERCURIO in Spanish 30 Jun 79 p C-1

[Text] The president of the Chilean nuclear energy commission, Col Romualdo Pizarro Seymour, announced that "feasibility" studies have been undertaken to determine whether the country will, in the future, be able to incorporate a nuclear power plant into its electrical development program.

The information was revealed during a press conference yesterday in the Diego Portales building by the Chilean Nuclear Energy Commission and the OAS in order to make known the background of the 11th Meeting of the Inter-American Nuclear Energy Commission (CIEN), which will begin in Santiago next Monday at 1800 hours and will continue until 7 July.

Asked whether Chile would join those many countries in the area which are seeking alternate plans in the face of the growing world energy crisis, Colonel Pizarro stated that "since 1974, when the world energy crisis began, the efforts of the Chilean Nuclear Energy Commission have centered on the national radioactive resources plan to determine what our possibilities are as far as this strategic material is concerned, and whether it is feasible to incorporate a nuclear power plant into the national electrical system. To that end, he added, the President of the Republic ordered that this activity be carried out jointly by Chilectra [Chilean Electric Company, Ltd.] and ENDESA [National Electric Company].

Comparing the level of Chile's nuclear activity to the rest of Latin America, Pizarro stated that it "is rather high" and could be placed after that of Brazil and Argentina. He added that despite a rather late start, during this administration much lost ground had been regained in the field of nuclear energy.

Colonel Pizarro said that at this meeting of the OAS, Chile had been asked to present a specific theme of a technical nature, since it was not

expected that each nation reveal its nuclear advances, but rather that regional programs be examined and that plans for the coming 2-year period be studied.

"Moreover," he added, "we have a proposal for that meeting, which consists of the formation of human resources; that is, of personnel trained in the use of radioisotopes and radiation, in the mining and development of radioactive materials, in the development of nuclear-electric programs, and in the processing of nuclear information."

The director of the OAS in Chile, Guillermo Belt, said that the fact that the conference was being held in Chile justified recalling former successes, and, in that vein, he brought to mind other events which have taken place here. In response to a question, he pointed out that agreements and studies are oriented toward the peaceful use of atomic energy, so that there is no conflict with the postulates of the conference in Tlatelolco, Mexico, where it was agreed that Latin America be a region free of nuclear energy used for military purposes.

#### The Meeting

Fourteen member nations will participate in the meeting: Argentina, Bolivia, Brazil, Costa Rica, Ecuador, El Salvador, Honduras, Paraguay, the United States, Uruguay, Venezuela, Guatemala and Chile. Also present will be observers from Spain and Canada, as well as technical experts.

At yesterday's press conference, Colonel Pizarro stated the objectives of CIEN and revealed the agenda of the meeting. According to Pizarro, CIEN is a technical commission of the OAS which serves as a consultation center for member states and facilitates cooperation among them in matters related to the peaceful application of nuclear energy. He added that CIEN consists of a representative from each country and may formulate technical recommendations directly to the governments of the member nations through their representatives. The governments can also designate alternate representatives and special advisers.

The executive director of the Chilean Commission, Maranduque Abarzua, said that distinguished persons in the nuclear energy field would attend the meeting.

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DECISION POSSIBLE BY 1980 ON NUCLEAR POWER PLANT

Santiago EL CRONISTA in Spanish 6 Jul 79 p 10

[Text] The executive director of the Chilean Nuclear Energy Commission, Colonel Marmaduke Abarzua, spoke yesterday on the planning studies, construction and development of a 600-megawatt nuclear plant. The station will be incorporated into the national grid, supplying safe and economical electrical energy, according to Abarzua, who spoke during the technical symposium held at the 11th Meeting of the OAS's Inter-American Nuclear Energy Commission (CIEN), a conference which ends today.

Colonel Abarzua outlined the enormous benefits which this project will provide for the country. For instance, he stressed the improved scientific-technical level and the improved infrastructure which would result, the training of industry, and an improvement in quality. He added that studies for the completion of this project are being carried out jointly with technicians and experts from the National Electric Company (ENDESA) and Chilectra [Chilean Electric Company, Ltd.], the country's two main electricity corporations.

Colonel Abarzua indicated later that one of the principal objectives of electrical planning was to propose energy alternatives to supply the demand for electricity created by national development programs at a minimum cost to the country. He explained that meeting this objective required detailed analysis, studies and calculations procedures, taking into account the innumerable variables and factors which enter the total picture. Among the factors, Colonel Abarzua mentioned supply and demand for electrical energy.

It is hoped that by next year a decision can be made to begin the construction of the nuclear power plant, thereby assuring its completion within approximately 6 years.

Abarzua also referred to the role of nuclear energy as a producer of raw material, as in the specific case of uranium. He explained that at the moment different projects are being developed relating to metallurgical research and the blueprinting, construction and operation of experimental, pilot and industrial plants designed for uranium production.

CHILE

URANIUM EXPLORATION AGREEMENT SIGNED

Santiago EL CRONISTA in Spanish 6 Jul 79 p 10

[Text] A pact will be signed today between the government of Chile and the UN Development Program (UNDP) for extensive uranium exploration in a 5,000-square-kilometer area of Chile. The ceremony will take place at 1000 hours in Room 5 of the Diego Portales building.

The first agreement of this type was signed in October 1975 and expired on 30 June this year. The government of Chile apportioned 4.8 million dollars and the UNDP 1.2 million dollars. These funds permitted the financing of equipment, scholarships, experts and on-site prospecting work, all of which represented the exploration of 105,000 square kilometers of Chilean land.

Areas explored in the last 2 years were: Salar de Atacama, Copiapo, La Serena-Vicuna, Los Vilos, La Ligua, Talca, Cauquenes, Concepcion-Santa Juana and Valdivia-Rinihué. Positive indications of the presence of uranium were found in 5,000 square kilometers in different areas of the country.

In this second phase, Chile will put up 2 million dollars and the UNDP \$00,000. The funds will be used for research over a 2-year period to determine--definitively--the existence of uranium deposits in the 5,000-square-kilometer area represented by all the explored zones except Valdivia-Rinihué.

Specialists from the UNDP and the Chilean Nuclear Energy Commission agreed on the pact's great importance, since, if the final outcome is as planned Chile will become an important producer of uranium, the basic mineral for the production of nuclear energy for electricity generation.

The 11th Meeting of the Inter-American Nuclear Energy Commission will close today with a session beginning at 1500 hours in the Diego Portales building, scene of the conference.

The meeting began last Monday and was participated in by 80 specialists from 17 American countries, in addition to observers from Spain and various international organizations.

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NONALINED SUMMIT REPORTAGE, INTERVIEWS WITH AFRICANS

Togo Foreign Minister Interviewed

Havana BOHEMIA in Spanish 27 Jul 79 pp 22-23

[Interview with Togolese Minister of Foreign Affairs and Cooperation Anani Kuma Akakpo Ahianyo by Hugo Rius, special correspondent for the Cuban magazine BOHEMIA in Colombo, Sri Lanka, after a meeting of the Nonaligned Movement Coordination Bureau; date not given]

[Text] A narrow strip of 56,600 square kilometers makes up the territory of the Togolese Republic, located between Benin, Ghana and Upper Volta, with its southern extremity bathed by the Gulf of Guinea, the so-called "slave coast," according to colonial history, which brings to mind the traffic in slaves destined for America. It is a mainly agricultural country with all the economic, social and cultural characteristics inherent in the system of colonialist exploitation but with sufficient spirit, however, to fight against that evil inheritance.

Cuba established diplomatic relations with this small African country a relatively short time ago and only recently agreed to exchange ambassadors.

There remains much to be learned before we are duly informed about its political course and its basic endeavors. However, the opportunity of meeting with such an authorized representative as its minister of foreign affairs and cooperation, Anani Kuma Akakpo Ahianyo, led us to find out more than the elementary information contained in the first paragraph.

At least we initially asked in the interview he granted about his own viewpoint as a government leader on the situation of the country. Here, therefore, is how Akakpo Ahianyo answered the question of greatest interest to the correspondent.

"Actually, we have been colonized up until a recent time and the Togolese people have had to struggle to win their independence, which was proclaimed 27 April 1960. However, as you know, when a people obtain international sovereignty, they always find in their ranks some men who attempt to confiscate the people's victory for their own benefit.

"Togo did not escape that law of history and from 1960 until practically 1967 our country underwent vacillations and leaders who attempted to replace one imperialism with another. It was then necessary from 13 January 1963 to 13 January 1967 for a true son of the nation to emerge from among the ranks of the people, someone who would be able to reunite all the rest with noble ideas of peace and independence.

"Thus it was that since 1967 we have put democratic institutions into action, we have created a vanguard party, the Togolese Unity Party, and put into practice a plan of economic and social development. And I can tell you that today the Togolese people are unanimously present in the vanguard party which has democratic structures. Our president, as well as the central committee and its political bureau, are elected democratically by the congress and the same applies to its subordinate agencies and its rank and file cells."

The Togolese minister of foreign affairs and coordination adds some impressions on the accomplishments and effects of the economic and cultural program. "In the economic field, the various plans prepared and executed have allowed us to cast the foundations for a real economic independence. And when foreign powers tried to maintain their control over our economy, our movement, at whose head is the president of the republic, General Eyadema, said 'no' and on 2 February 1974 we nationalized 100 percent of our main natural resources."

In the agricultural economy, coffee, cocoa and cotton have traditionally represented 50 percent of their exports. However, it is in the mining sector that their major opportunities for future development appear to reside. Phosphate has been exploited for some years but there are also reserves of iron, chrome, bauxite, dolomite and limestone.

"On the cultural plane, I shall begin by emphasizing that, as is well known, colonization tended to make the colonized country lose its dignity when it imposed the culture of the colonizer and his way of thinking.

"For our part, we have put into practice a fundamental education reform which will make education democratic so that the children of the country can have access to general and specialized instruction."

A fluent conversationalist, he thus summarizes what he describes as the major lines of national policy and those of the principal development forces of Togo.

While the colleagues from the NATIONAL TELEVISION NEWSCAST install the camera and check lights and sound, we continue the talk under the pressure of time. Inquiring about the future of relations between Cuba and Togo, to which we made reference, the minister of foreign relations said:

"As President Eyadema said in a famous speech, Togo practices a policy of open doors, excluding, of course, any exchange of relations with countries which practice a retrograde apartheid and an imperialist policy, which is against the dignity of man. That is the way we have relations with many other nations of the world."

"On the occasion of a visit by a Cuban delegation to Lome, and as a result of discussions at the United Nations during the last general assembly, we have agreed to effectively extend relations between Cuba and Togo. Cuba has already appointed its ambassador, who will present his credentials, probably before the Havana summit, while Togo will accredit an attending representative, as Cuba did with respect to Togo."

Togo attended the Colombo meeting as an observer, since it is not a member of the Coordination Bureau. The number of African states which were represented in a similar status increased and in the opinion of the interviewee, it is due to the following:

"This meeting has had as its main concern the resolution of the problems which are of interest to the nonaligned movement as a whole and to non-alignment in Africa. To these countries must be added the African nationalist organizations, which as usual have been able to express their positions with respect to the overall problems that are aired.

"On the other hand, the Colombo meeting has tried to prepare the road positively and to facilitate the success which the Havana summit will undoubtedly obtain."

Akakpo Ahianye then goes on to evaluate the next conference of chiefs of nonaligned states which will be held next September in the Cuban capital.

"The Havana conference will have a considerable importance because of the fact that it will be the first time that a summit meeting of this type is held in a Latin American country. At the same time, it will be held at a time in which the number of member countries has increased and other incorporations have taken place.

"It seems necessary for the Havana conference to be surrounded by all guarantees, and I am sure that it will be so that it may be successful and so that the members may reach an understanding on the maximum number of points possible. In that manner the quantitative force that the non-aligned movement represents amid the international organizations, particularly the United Nations where its influence is felt, will be strengthened."

Some final words are added by the Togolese minister of foreign relations, always with the courteous and cordial manner with which he received us.

"Through you I want to thank the Cuban people for the opportunity offered me as the minister of foreign relations to speak about my country in the perspective of the next summit meeting of the nonaligned."

#### Niger Foreign Minister Interviewed

Havana BOHEMIA in Spanish 3 Aug 79 pp 68-69

[Interview with Nigerien Minister of Foreign Relations and Cooperation Maj Moumouni Djermakoye Adamou by Hugo Rius of the Cuban magazine BOHEMIA at the meeting of the Nonaligned Movement's Coordination Bureau in Colombo, Sri Lanka; date not given]

[Text] On 12 April 1974--5 years ago--A supreme military command was installed in the Republic of Niger, which put an end to the first and only government which existed in the country since its independence in 1960. Among the reasons given by the then principal protagonists of the change, who were led by Lt Col Sidy Kountche, chief of staff of the army, were "the bourgeois tendencies, social corruption and injustice" which had characterized the deposed government.

Indeed, there has not been much published afterward on this landlocked country of 1,267,000 square kilometers with a population estimated at almost 6 million markedly influenced by Islamism, which traditionally comes to it from its nearness to two of the African Arab states. Perhaps the thing which has been written about the most, particularly in the western press, is its considerable uranium reserves, to which a key role has been attributed in the policy of this republic, which will be 20 years of age within some months.

With all the probable questions which could be derived from that scanty situational picture, we confronted Battalion Chief Moumouni Djermakoye Adamou, minister of foreign relations and cooperation of Niger, contact with whom was made possible by the meeting of the Nonaligned Countries' Coordination Bureau held in Sri Lanka. Of a calm and austere mein, the Nigerien minister of foreign relations is both a witty and charming conversationalist with an intelligent African humor. That is the way we saw him in each answer he offered us when we sought his viewpoint on his country and its problems.

"When we arrived in power in Niger in 1974, the political and economic situation was catastrophic. The first thing that had to be done was to put an end to the presence of foreign troops (French) in our country, win national sovereignty and practice a policy of nonalignment. In short, we had to take the destiny of our country into our own hands.

"If one thinks about moments as dramatic and difficult as those undergone by Niger and other countries of the Sahel during the years of the great drought, one has to become aware of the urgent need for developing the national economy. To reach this objective, one must begin by taking and controlling our main natural resources so that they may be placed at the service of the development of the country. This has been the capital task we have proposed for ourselves 5 years ago."

Here talk about uran. u will begin. Its reserves are estimated at 400,000 tons, and traditionally, since they were found, they were exploited by foreign companies. It has also been estimated that the country can occupy third place in world production in 1980.

"Our policy in this field is to move toward control of uranium production and place its benefits at the service of the development of the overall national economy. For example, because of that orientation, there has been an increase in the nation's budget from 400 million francs in 1974 to 10.5 billion francs in 1979. Uranium must finance the development of the rest of the resources.

"We harbor the idea that in no way can there be exclusive dependence on uranium and other products of the subsoil which are not eternal. Instead of that we prefer to diversify and develop agriculture for the future. We have no other choice than to prepare and establish the foundations of our economy on agriculture."

To back up his words, the Nigerois minister adopts some ideas expounded recently by President Kountche: "The Niger of tomorrow will still be agricultural whether we want it or not and despite the boost from the underground resources, which as is known are not of a permanent nature."

Actually agriculture and cattle-raising are the occupation of 90 percent of the Nigerois population and they contribute more than 50 percent of the gross national product.

Djermaskoje adds more on the subject:

"With attention focused on agriculture, we are aiming for a more logical organization of the preservation of water through a system of dams, as well as through agricultural production itself, to counteract the effects of drought and famine. Among the investments allocated for that purpose we can mention the Kaudadji Dam Project and the Konni' agricultural complex.

"Also, the budget devoted to agricultural development was raised from 341 million francs in 1974 to 2,399,000,000 francs this year, while food production grew by 194 percent in that same period."

To judge by some news stories which circulated in the days in which the previous regime was overthrown, the population had received the change made with pleasure. One then asks oneself whether that potential support of the masses was molded or channeled in some way for the accomplishment of an economic and social program. The experience of Niger, according to Djennakoye, has been the following:

"We have thought, actually, that there was a lack of a popular mobilization because without it there was the danger that the population would not participate directly and actively in economic and social endeavors. The main experience we have in this respect consists in what is called 'Samarias,' a form of traditional organization which is established from the village level to that of the region. They allow a broader participation in political and social life.

"We believe that the 'Samarias' are the keystone of popular mobilization and we have already seen how through them we have mobilized the young toward various tasks such as the rediscovery of the cultural patrimony, the reforestation operation launched under the name of "Green Sahel," the boost to food production, construction of schools and the popular health campaigns."

The picture of the domestic situation of Niger became broader when we discussed the sphere of action which is essentially that of a minister of foreign relations. From the Nigerois minister we received a summary of what has been established as foreign policy.

"Niger's foreign policy is based essentially on nonalignment, the policy of good neighbors, peaceful settlement of conflicts, noninterference, active commitment to decolonization and the struggle for a new international economic order.

"Our country necessarily has to adhere to a good neighbor policy not only at a regional level but also on the continental because we are an interior, landlocked country (Niger has no access to the sea) which shares extensive common borders with Arab countries.

Attention is drawn to the large number of countries, in and out of the continent, with which Niger has established diplomatic relations. Cuba is among them and on asking about the future of those relations, the chief of foreign policy and cooperation explained:

"We are convinced that the future is encouraging and promising. We recently agreed to accredit ambassadors between the two countries and my government has requested Cuban help in the fields of medicine and agriculture without any reservations."

The final statement is not gratuitous since it refers to certain campaigns which attempt to distort the significance of Cuban cooperation in African countries. The opinion of Djermakoye is clear and categorical:

"Every state has the sovereign right to seek support in common cause when it feels threatened by foreign aggressions which place its national security in danger."

The end of the interview is reserved for the subject of the upcoming Havana summit conference. About what he expects from the September meeting he says the following:

"The essential thing is that we make common cause against the threats of foreign interference in our internal affairs, that we commit ourselves more and more to total decolonization and that we struggle together to change the international economic order.

"Cuba is fully able, as an active and prominent member of nonalignment, to contribute to the attainment of these basic objectives. I am sure that we shall find the necessary conditions in the Cuban capital for arriving at positive results in favor of the principles of the movement."

#### Seychelles President Interviewed

Havana JUVENTUD REBELDE in Spanish 2 Aug 79 p 6

[Interview with Seychelles President France Albert Rene by JUVENTUD REBELDE special correspondent Moises Saab Lorenzo in Monrovia; date not given]

[Text] Monrovia--The certainty of his participation in the Sixth Nonaligned Summit Meeting, as well as the importance of preserving the basic objectives of the movement and subjects having to do with the development of the revolutionary process in his country, were mentioned by France Albert Rene president of the Seychelles Republic in an interview with JUVENTUD REBELDE.

In his first contact with the Cuban press during his participation in the Sixteenth Summit Meeting of the Organization of African Unity [OAU], recently ended in this capital, the government leader of the strategic archipelago in the Indian Ocean, which became a republic 29 June 1976 after 162 years of British colonization, and before that 44 years of a similar presence by the French, the president emphasized: "The close and fraternal feelings of the Seychelles people for the Cubans because of their achievements and aspirations."

Asked about the fact that the Cuban Government has delivered the draft of the declaration of the Sixth Nonaligned Nations Summit Conference more than a month before the beginning of the meeting, Rene said: "I think that it is very good. If all meetings delivered documents so much ahead

of time it would not be necessary to hasten to look at them at the last moment. This way no one can complain that he was hurried and the participants have time to review and discuss them."

Continuing on the subject of the nonaligned, the president declared: "I believe that the most important thing about the Sixth Summit Conference is that in Havana we shall reestablish the real purposes of our movement. Of course there are questions of world importance to which we must pay attention, but the basic thing is the unity of our organization, the solidarity of our members. This is the most important question around which we can consolidate unity, the aspect which nourishes our movement and which insures that it will live and carry its battle forward," he emphasized.

#### Dynamic Lawyer

The dialog took place in the OAU villa in this capital, where the chiefs of state who attended the African summit meeting held between 17 June and the morning of 21 June, are staying.

The present president of the Seychelles, a dynamic lawyer, economist and a political science graduate, is 45 years-of-age and has a long record of struggle for self-determination of his country, the organization of the first union in Seychelles and the overthrow of the neocolonial regime of James Mancham, who intended to proclaim himself president for life of the nation which consists of 92 islands, the largest of which is Mahe in which Victoria, the capital, is located.

Asked to establish a link between the recently ended Sixteenth OAU Summit Meeting and the next Nonaligned Summit Conference, he said that such a link exists and added: "I believe that such a relationship is very important because the OAU has given its members the opportunity to understand that the only policy possible for them is that of nonalignment, which allows the developing countries to have a line of their own. Also, it prepares them to unite instead of having to depend on others.

"It is for this reason that I believe this OAU summit meeting will help the African leaders to unite and experience the advantages of that cohesion. I trust that this will be achieved by all of us in Cuba and it will help to strengthen the Nonaligned Movement."

#### Enemy of the Mercenary System

An easy talker, France-Albert Rene, a corpulent man of medium stature, declares himself to be a sworn enemy of the mercenary system, an institution which he says is aimed particularly against small countries. As is well known, the reactivation of the system of mercenaries is due to the need of the capitalist countries to have a military shock force that will favor their interests without compromising their governments.

His opinion asked about the resurgence of the "dogs of war," Rene says: "The majority of the imperialists countries note that it is not easy to subvert the people who have chosen the socialist way from within because the very nature of those societies implies the support of the people. That is why when the imperialists want to obtain some change, they have to resort to external forces. The times in which the armies in those nations acted on their own have passed and there are now professional soldiers who are being used in all of Africa, America and the Third World, and we only see one way to overcome and eliminate that evil: unity," he says.

We point out to him that the June 1977 revolution which carried the SPUP (Seychelles Peoples United Party)\* to power under his leadership was the object of a campaign of distortion by the multinational news agencies and that this dialog is a good opportunity for the Cubans to have a broader view of the events of his country.

He replied: "I believe that the best way to know each other is to have closer relations. Seychelles is on the famous petroleum route, for which reason we are the object of pressures by the great powers. We feel proud of having resisted and of maintaining our nonalignment policy despite the fact that the western press says that we shall not be able to do it because we are a small nation. However, we believe we can continue on our path and we are determined to stay on it by any means.

"The western press, of course, said that the revolution we initiated on 5 June 1977 would fail but I think they are beginning to change that appraisal and the majority of those who go to Seychelles today note that the country is advancing, that the people are joining more and more in the struggle to build their future, that we are no one's puppet, that we are ready to fight for our existence, that we are gradually building a self-sufficient economy, and that at the same time everyone who comes to our country has to admit, although they may not do it openly, that our revolution is turning into a great success.

"Therefore, I believe that the western press should feel very embarrassed because their forecasts did not come true," he adds with a smile.

#### **Message to the Cuban People**

The conversation, which has been held in an informal atmosphere, without tensions, as if between two old acquaintances, has to end because the president has to attend the last day of the session of the African Summit meeting and he declared himself to be tense.

The last minutes were devoted by France Albert Rene to sending a message to the Cuban people "Cuba and the Seychelles are fraternal countries. Both are engaged in giving real power to the institutions they are creating.

We have close and fraternal feelings for the Cubans because of their achievements and aspirations and I believe that we can learn from each other, from our successes and from our errors. I trust that the people and government of Seychelles will have more profound and fraternal relations with the people and government of Cuba."

Outside the presidential villa the rain was soaking everything, falling from a grey depressing sky so different from that of the Seychelles Archipelago or that which must now be shining down on Cuba.

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\* Changed recently to the Seychelles People's Progressive Front (SPPF) because it is believed that the SPUP already fulfilled its role as a party of the masses in the struggle for liberation and independence.

#### Convention Palace Nears Completion

Havana GRANMA in Spanish 2 Aug 79 p 1

[Text] The Convention Palace where the Sixth Nonaligned Nations Summit Conference will take place began to function in a test phase.

Abraham Maciques, director of the palace, told GRANMA that work is now being performed on the final details and in placing equipment and systems in operation, on the furniture and so forth and that in one of the committee meeting halls, a seminar for accompanying personnel is already under way.

Built at a cost of nearly 24 million pesos, the palace occupies an area of approximately 10 hectares in a bucolic environment of leafy trees and abundant green areas.

The building consists of a large horizontal block and two lateral buildings joined to the former by patios and bridges, graciously reflecting the characteristics of the surrounding scenery. It also has large, very contrasting tile roofs. The buildings for these purposes are usually of a vertical type but the team of architects led by Antonio Quintana, the mind behind the project, preferred horizontal lines which make movements easier and harmonize with the environment better.

In various areas of the palace there are many ornamental plants, which with the inclusion of trees and rocks in the great hall for plenary meetings and the possibility of viewing the exterior tropical scenery through broad windows, alleviate the traditional fatigue which affects those who participate in very long meetings.

The Convention Palace has two main entrances which allow entry under cover of several automobiles at the same time. There are also other independent entrances which prevent traffic jams.

The great plenary meeting hall has a 1,700-person capacity and has installations for simultaneous translation on six channels, a closed circuit television circuit in color, video tape, recording equipment, 16 and 35 millimeter projectors and slide projectors.

The seats have the most modern electronic means for asking for permission to speak and other means of communications. There are also other halls with capacity for 400 persons each and another for 150 persons; eight halls with a capacity for 60 to 100 persons; offices for the press with international telephone and telex, radiophoto and photography services.

In the area of the presidency there are 10 working areas for the delegates and the offices of the presidency. One arrives at this level via a broad staircase which leads to the main lobby leading to the various meeting halls, offices of the presidency and for the preparation and delivery of documents, translation and typing.

At the second level there are translation booths, technical recording and transcription booths, dining room and so forth.

The palace will also have a bank, store, restaurant, cafeteria and other facilities. With the reactivation of Avenue 146, the reconstruction of the bridge over the Quibu River and the large-scale rehabilitation of the bordering residences to be used as protocol houses, the zone has taken on a very agreeable aspect for both the hosts and guests.

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CSO: 3010

PANAMANIAN COMMUNIST LEADER DISCUSSES CANAL, SUMMIT MEETING

Havana BOHEMIA in Spanish 27 Jul 79 pp 64-65

[Interview with Ruben Dario Souza, first secretary of the Panamanian Communist Party, by Mario G. del Cueto of the Cuban magazine BOHEMIA in Cuba, date not given]

[Text] —The armed victory of the Sandinist National Liberation Front [FSLN] leads to the questioning of traditional methods of struggle.

--The defeat of the Somoza regime does not mean that there are no forces of imperialism in the area; they remain intact.

--The holding of the Sixth Nonaligned Summit Meeting 90 miles from the most powerful aggressive power of the world is already a victory.

--One October of this year will be an event for national rejoicing in Panama when important North American installations of the canal pass into the hands of the people in compliance with the first phase of the provisions of the Torrijos-Carter canal treaties.

"I believe I have already lost count of the times I have been in Cuba," Comrade Ruben Dario Souza, first secretary of the Panamanian People's Party (communist party), told me with a smile when I went to interview him in his room at the Deauville Hotel as he was packing to return to his country.

"I have been coming here since 1950," he adds trying to establish the date, "a time in which the weaknesses of the proimperialist government of the time, fiercely engaged in destroying the democratically elected union leaderships, were opening the way for the barracks coup of 10 March 1952, which later installed the bloody dictatorship of Batista. From then until now, much water has flowed under the bridge. There is no comparison between

the Cuba of yesterday and the Cuba of today, since Fidel arrived and "ordered a halt," as a popular song of the early days of the victory of the revolution says. Subsequently, I repeated my visits. One of the last was when the First Communist Party of Cuba Congress was held, an unforgettable event."

To begin the dialog—which will be almost a monolog given the fluid expounding of ideas by the interviewee—we chose to expose ourselves to the Antillean, or rather the Caribbean breeze, placing us in the cultural atmosphere of the Carifesta which at the time was arousing the enthusiasm of the country. The preferred site selected by both of us was the seawall, a wall exposed to the trade winds which gave relief from the hot Havana summer. There we began to get to the point when I brought up the first subject: The status of the treaties on the Panama Canal recently signed by the governments of the United States and Panama.

"Yes," emphasizes Comrade Souze with a movement of his head, "indeed in this subject of the Canal treaties two important aspects of their development must be emphasized, one is of an external nature, which is the one which refers to relations between the two countries, specifically with respect to the Canal, and the other is the process which has been initiated in Panama, the process of domestic democratization in the development of political forces.

Encouraged by the latter, it is undoubted that there have been socioeconomic changes which may be said to be the result of a long struggle now crowned by the execution of the first phase of the decolonization process. Remember, the Canal is a colonial enclave of the United States. This of course is of enormous importance to us because within the many forms of subjection, the first steps for the return of the canal to us represent the moment in which the colonial bonds begin to dissolve. On the other hand, this does not mean that we have dissolved all the bonds, although of course it is a strategic victory. We are clearing the complex path for the culmination of national independence, for the full enjoyment of Panamanian sovereignty. Therefore, the Torrijos-Carter treaties are a victory for the Panamanian people.

"With respect to the domestic democratization process, it is obvious that the anti-imperialist struggles of the Panamanian people have played a major role, but in our opinion—the opinion of the party—in order to strengthen it, this process of democratization must be dependent on the progressive development of the domestic political forces. As is known, there is a bourgeois democracy in Panama today. However, we cannot say that this bourgeois democracy has remained stagnant in its own mold because the people have taken it upon themselves to make it move toward a more advanced democracy, toward progressive positions. I mean to say that the period being undergone by Panama today, achieved by the dissolution of the legal structures of colonialism among other things—within the pattern

which characterizes the bourgeois democracies in crisis today--is that of a democracy engaged in opening more progressive paths for itself. This is what we call 'the new Panamanian solution,' whose tasks consist of making the hopes of the people culminate in a more progressive democracy which will be nothing but the distribution of power and democratic rights in the most proportional manner among all the political forces that have contributed to the victory over colonialism. The premises for this transfer are in the 1972 constitution itself and in the real exercise of popular power, whose main exponent is the National Assembly of Corregimientos where there is a true representation of the entire spectrum of the political forces which have taken part in the anticolonialist process and that of the democratization of national life. For the development of this new more progressive democracy, it will be necessary for the National Assembly to become the basic form of power capable of carrying it out."

Still on the domestic aspects of the country, Ruben Dario Souza says that another area of the democratic advance in Panama is the recognition of the political rights guaranteed for the sectors of the left. In this respect he is pleased to refer to the abolishment of anticommunist decrees and the opportunity the Panamanian People's Party now has to register as an electoral party.

"As can be seen," he says, "this future of Panamanian society poses complex tasks of great scope in the sociopolitical and socioeconomic field because their realization means profound changes for the nation. Now then, the historical scope of those transformations, given the phase in which our revolutionary process is taking place, requires the union of all the democratic and anti-imperialist forces we have in the country today. Aware of this need, our party has proposed to the Democratic Revolutionary Party and the People's Broad Front Party, forces which have supported this democratization process, that we united in a National Liberation Democratic Front. We believe this unity should be based on the tasks mentioned which we must all face together. It is important to point out that in a certain way unity has begun to evolve with the task of defending the gains on the Canal Zone together, and in the specific results with respect to the unavoidable struggle for the progressive democratization of the country. The unity to which I refer obviously should assume more and more developed forms which would allow the attainment of higher structures of organization and scheduling of plans."

Its tremendous timeliness makes it inevitable that we touch on the Nicaraguan subject, "which is about to fall off the plant," in the words of a delightful native expression. Ruben dives headlong into it.

"We in Panama," he begins, "have for some time been pointing out the international repercussions of the struggle for this bastion in the Canal Zone, particularly in the area of the Caribbean and in Central America. The Caribbean and Central America have a direct relationship with us because of this enclave. Therefore, it is logical that the struggle of the Nicaraguan people—successfully concluded with the expulsion of Somoza and the eradication of Somocismo—is also a subject of the most profound interest for us. I do not believe it necessary to repeat here what the Cuban people already know about the solidarity of the Panamanian people and government with the heroic Nicaraguan people. It is worth saying, however, that the struggle against Somoza has never been an alien thing to us. On the contrary, we have always considered it an important part in the solution of our own problems because it should be known that the tyrant was one of those who most tried to interrupt our process of democratization, joining the reactionary forces of the country with the pretext of 'communist threats,' to thwart the anti-imperialist struggle of the Panamanian people.

"We believe that the struggle of the Nicaraguan people, culminating with the military victory of the FSLN and all the other anti-Somoza forces, means the destruction of a regime, which allied with the multinational corporations and the interventionist CONDECA [Central American Defense Council] armies, was the most serious threat to the Central American and Caribbean countries. However, although victory was achieved, we must not forget that many imperialist forces in the area are still intact. Imperialism may have suffered a reverse in Nicaragua, but its forces remain deployed in other places. It is also true that beginning October, when the first phase of the canal treaties are executed, North American rights to the use of the Canal Zone as a base for military intervention and as a springboard for counterinsurgency aimed at crushing the national liberation movements of the peoples of Latin America, will cease. While this fact means a weakening of the Yankee presence in the Central American and Caribbean area, it does not, on the other hand, mean that there has been a defeat of the aggressive policy of imperialism. On the contrary, it can be said that the most regressive forces of the empire are actively engaged in pressuring the U.S. government to prevent the development of the democratic forces of the area and to carry out military interventions if necessary. To maintain the victory in Nicaragua and to safeguard the continuity of the democratic process being followed in countries of the continent against these intentions, it is only necessary to close ranks. The consolidation of the Sandinista victory and that of all the anti-Somocista forces in Nicaragua becomes a factor that will help to confirm the development of the democratic forces in 'our America,' as Martí used to say."

[Question] How do you see the role played by the FSLN in the crushing anti-Somoza victory?

[Answer] You shall. The specific role of the people's armed struggle headed by the FSLN has consisted in knowing how to inspire the Nicaraguan people to take up arms against a tyranny, which from the technicomilitary point of view—in addition to economic help—had the powerful help of the U.S. Government, Israel, South Africa and other countries. It did not seem easy to forecast a victory such as the one just obtained in Nicaragua if one took into account that the FSLN was engaged in an unequal battle against forces which were well trained and better armed by imperialism. However, undergoing the worst penuries, insisting on armed struggle even if it were prolonged for an undetermined period of time, the heroic struggle of the FSLN poses, or rather it demands, the undertaking of an examination of certain realities of the struggle in Latin America, questioning traditional methods of struggle and very seriously studying the possibilities posed by other means of making revolution in this historical process of national liberation being witnessed by the Latin American people for the attainment of their second independence, once again quoting Martí, the mastermind behind the attack on Moncada barracks.

[Question] I appeal to your good nature, comrade, I know that you are almost with a foot in the airplane. Could you answer one more question? For example, tell me what you think about the Sixth Summit Meeting of the Nonaligned...

[Answer] Well, I believe that the next Conference of the Nonaligned Countries in Havana will not only reflect what Cuba represents in the Western Hemisphere as the first victorious socialist country, but this summit meeting is of great significance for the world of the nonaligned because it is going to be held at the very door of imperialism. Therefore, it is not only important for the Cuban Revolution to have this meeting here, but also for all the rest of the nonaligned countries. I repeat, to have it 90 miles from the powerful and voracious empire in the world is already a victory. For the rest, I believe that it will have an enormous effect, particularly among the people of this hemisphere who are struggling for their final national liberation. For us Panamanians it also has a special meaning since it is being held a few days before our entry into the Canal Zone in compliance with the provisions of the recent canal treaties, which will be a historical event in our national life. I wish to emphasize that the Sixth Summit Meeting should surely deal with problems as urgent as that of the struggle of the Puerto Rican people in their heroic struggle for independence. All the countries still subjected to foreign oppression, those which struggle to liquidate the last redoubts of colonialism and neocolonialism and to put an end to Zionism and racism, view the Sixth Summit Meeting in Havana as a platform from which to expound their dreams of genuine national redemption.

"The Panamanian date of 1 October," says Ruben Dario Souza finally with obvious elation, "shall be another event of national anti-imperialist rejoicing."

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## INTERESTS IN JAMAICA, NONALINED SUMMIT, PRC AIRED

## Jamaican-Cuban Relations

Havana GRANMA in Spanish 5 Jul 79 p 5

[Article by Frank Gonzalez]

[Text] Kingston, 4 Jul (PL)--Prime Minister Michael Manley expressed gratitude for Cuban aid to Jamaica and warned the reactionary forces that nothing will stop the development of relations between the two countries.

The prime minister gave a short speech during a ceremony held in the Physical Education Teacher Training School which Cuba contributed to Jamaica. It is presently under construction by workers from both countries.

Manley toured the modern installation--in its final phase of construction--accompanied by Cuban internationalist workers, the Cuban ambassador to Jamaica, Ramon Pez Ferro, and other Cuban embassy officials.

Other members of the Jamaican Government including Hugh Small, minister of youth and sports, and Derick Haven, vice minister of foreign relations and parliamentary representative from that area, also attended.

After looking at all the branches of the modern center, the prime minister expressed his admiration for the installations and stated that projects like these are the result of international solidarity among developing countries.

Manley emphasized the solid ties of friendship and cooperation between Cuba and Jamaica and indicated that these relations are an example of what two countries that have different political systems but common objectives can achieve.

Referring to the intense campaign that the reactionary forces are carrying out, Manley stressed that "those who believe that they can

divide us or create a feeling of hostility between us are wasting their time."

In the midst of an ovation by the hundreds of workers present, Manley asked the Cuban ambassador to communicate "greetings of solidarity and affection to the great Cuban president, Fidel Castro."

He said: "When future generations are successful in sports as a result of this cooperation, we will remember the Cuban workers, the Cuban revolution and Fidel Castro."

In his speech, the Jamaican prime minister also said goodbye to the Cuban ambassador who will return to his country within a few days.

The Physical Education Teacher Training School will have a capacity of 500 boarding students and all the facilities needed for sports practice.

It is the only one of this type, size and scientific-educational level in this hemisphere except for Cuba, the country that began this type of school for teaching physical education in this part of the world.

As part of the cooperation program, Cuba will send specialists in sports medicine and equipment and building maintenance to train Jamaican personnel in those fields.

#### Cuba Grants 60 More Scholarships to Jamaica

Hugh Small, minister of youth and sports, announced that Cuba granted Jamaica 60 more scholarships for advanced physical education studies.

These new scholarships will bring the total of Jamaican students who will study physical education in Cuba to 120 by the end of this year.

#### Guyanese Foreign Minister Interviewed

Havana BOHEMIA in Spanish 6 Jul 79 pp 62-63

[Interview with Guyanese Minister of Affairs Rashleigh E. Jackson by Hugo Rius in Sri Lanka; date not given]

[Text] Rashleigh E. Jackson, Guyanese minister of foreign affairs, is totally Caribbean and our conversation with the foreign minister was Caribbean in nature even though it took place on a distant island in the Indian Ocean--Sri Lanka. The Coordination Bureau of the Movement of Nonaligned Countries met here; Guyana is one of its 25 members along with Jamaica, Cuba and Peru in the Latin American and Caribbean region. We concerned ourselves with that immediately by asking the Guyanese minister if he feels satisfied in the way in which the problems of the area were covered in the deliberations as well as in the final declaration. His response was immediate:

"In general, I feel that the Colombo meeting again established the basic positions of the nonaligned countries against colonialism, neo-colonialism, imperialism and racism, among other matters of great importance in the world. This seems important to me as well as winning independence and its consolidation under conditions that insure complete and sovereign freedom and equality, one of the cornerstones of our movement.

"As to particular concerns of Latin America and the Caribbean, we appreciate the attention that was given to the problems related to colonialism and imperialism in the region. Unquestionably, judging by the final declaration, the countries in other areas of the world clearly identified with the colonial situation that still persists in the Caribbean.

"The case of Puerto Rico was reexamined, repeating the demand for fulfillment of the right to self-determination of that people. Attention was also called to the situation of Belize whose aspiration for independence with complete territorial integrity continues to be denied by the colonial powers. In my opinion, these stands constitute a strong stimulus for the fight of both peoples.

"Also the request by two Caribbean countries--Grenada and Surinam--for admission to the movement is a source of special pride for Guyana. We will wholeheartedly support the desire of the peoples of those two countries to contribute effectively in our search for a just and equitable international order."

After this evaluation of the Colombo meeting, we asked for an evaluation of the coordination bureau itself as a permanent organ between summits. The Guyanese foreign minister stated the following:

"Since it is a very pertinent matter, I must begin by recalling that the idea for the bureau arose from the 1973 Algiers summit and its existence was confirmed 3 years later at the 1976 Colombo summit. At that time, all the attending countries discussed it and even elected its 25 members.

"I think that this last bureau meeting was very useful in clarifying its role. When the chiefs of state meet in Havana, they can benefit from the experience of these past 3 years.

"My personal point of view is that the bureau is a useful institution in the decision-making process of the nonaligned movement. It is important that it continue operating as it does now since the opinions of those who are not members of the bureau have always been taken into consideration. It cannot be forgotten that we are neither monolithic in organization nor homogeneous in ideological orientation; the movement is pluralistic by nature.

"Under these conditions, the bureau can serve to carry out, analyze, implement and guarantee the decisions that are adopted at the summits. From another angle, it is a critical instrument in the implementation of the nonalignment policy."

In a Caribbean conversation, there has to be mention of the fact that the sixth summit will be held in the capital of Cuba, one of the Caribbean islands, next September. Rashleigh's opinion was expressed as follows:

"Of course, I am deeply satisfied that this first summit of the nonaligned countries in the Latin American and Caribbean region will take place in the favorable environment of Havana. Although the nonalignment movement originally had a foundation of Afro-Asian solidarity, it will be definitively established in Havana that Latin America and the Caribbean constitute an important part in the international process of restructuring international political and economic relations.

"I feel that the next summit will be a landmark in the history of the nonalignment movement and will be an excellent opportunity to integrate Latin America and the Caribbean even more with the rest of the Third World and with the aspirations of the peoples of Africa, Asia and some parts of Europe.

"We must pursue common objectives that are inscribed primarily in the cardinal principles of anti-imperialism, anticolonialism and neocolonialism, antiracism and every form of domination.

"The coming meeting in Havana will help focus attention on the problems that the countries in the area confront because of the presence of imperialism and colonialism. It can also be a strong stimulus for the fight of its peoples for true national independence."

The subject that concluded the conversation with the Guyanese foreign minister was closer in time than the summit meeting of the nonaligned countries. It was the third Carifesta (17 to 22 July) initiated by Guyana in 1972. Therefore, the minister did not reflect long before responding. This brought us back to the geographic and cultural area of our islands, like an early return from Colombo to Havana.

"An integral struggle to restructure international relations cannot be conceived without giving appropriate attention to culture since it represents important reinforcement for that fight.

"When our prime minister, Forbes Burnham, initiated Carifesta in 1972, he took into account the way imperialism and neocolonialism attack and distort the cultural values and even the psychological attitude

of the oppressed peoples. The first Carifesta demonstrated that these cultural festivals can be an important weapon in the anti-imperialist and anticolonialist fight.

"I am convinced, therefore, that holding the Carifesta in Cuba will reinforce the validity of our point of view. It will also aid the identification process of the peoples of the Caribbean who have been artificially separated.

"We hope that the one in Cuba, like the one in Guyana in 1972 and later in Jamaica, will expand the areas of contact and cooperation among the peoples of the Caribbean who have been suffering from imperialism and colonialism.

"In summary, Carifesta contributes to the true liberation and independence of the peoples of the Caribbean."

#### Ulterior Motives in U.S. Policy

Havana GRANMA in Spanish 4 Jul 79 p 5

[Text] The United States, United Kingdom and other capitalist countries and their new allies in Beijing have recently deployed a crude slander campaign about the so-called "problem of Vietnamese refugees" and its consequences.

Statements by prominent politicians, calls to international charitable organizations, sanctimonious complaints from alleged large groups of expatriates who "fled from the communist terror," television, radio and press reports on the subject, etc., have filled the news segments of the principal mass media in the poorly named "free world" as part of a vast slander campaign against the Socialist Republic of Vietnam.

Why this crude misrepresentation of reality?

The answer is obvious.

Because Vietnam has militarily defeated imperialism and its allies in Beijing. Because the Vietnamese people are constructing socialism right under the nose of the Maoist revisionist traitors. Because the peoples of the world have joined the cause of the heroic people of Uncle Ho. Because it is necessary and indispensable for the United States, its buddies in western Europe and the Chinese expansionists to create an atmosphere of crisis to lead to new aggression. Because they are trying to create problems between Vietnam and the other southeast Asian countries and the ASEAN [expansion unknown]. Because they want to hurt the immense prestige of socialism.

Vietnamese officials themselves have carefully explained the real problem of the thousands of persons who leave Vietnam illegally.

A few days ago, the Hanoi Foreign Ministry issued a statement in which it clearly denounced the objectives of the slander campaign and revealed its origins.

The document indicated that, during the past 30 years, imperialism and the reactionary forces from the French colonialists and the U.S. imperialists to the Chinese expansionists have resorted to the alleged "refugee problem"--which has always been caused by them--in their anti-Vietnamese policy.

It should be recalled that when the patriotic forces led by President Ho Chi Minh won in the north in 1954, the capitalist powers organized the exodus of a million people to the southern part of the country under the slogan: "Follow Christ to the south."

In 1975, facing the imminent fall of the puppet regime, U.S. imperialism fabricated the alleged "danger of a blood bath under the domination of the Viet Cong" (as it called the soldiers of the south) in order to provoke the emigration of another million people.

After the total liberation of the country, imperialism and other reactionary forces launched a loud campaign about the "human rights problem," inciting and convincing those who did not understand or did not accept the new social transformations to leave the country.

At the beginning of 1978, while the troops of the Maoist regime of Pol Pot-Ieng Sary attacked the Vietnamese border zones, officials in Beijing started the rumor that "war between China and Vietnam is imminent." This deceived and pressured hundreds of thousands of Hoa (Vietnamese of Chinese origin) to flee to China with the treacherous intention of causing what they called "terrorism and persecution of Chinese residents" in order to fan hatred between the two peoples and seek justification for the traitorous aggression in February 1979.

Now when tens of thousands of Vietnamese citizens, mainly of Hoa descent, are illegally leaving Vietnam--some instigated by imperialism and the new Chinese mandarins and others motivated by the final transformation of Vietnamese society--these same reactionary forces are unleashing a slander campaign to try to present to the world the image of a Vietnam submerged in repression, hatred and crime, from which thousands of people "flee terrified."

Nothing could be further from the truth.

The Vietnamese Government officially stated last January that it would authorize "the legal departure of those who want to go abroad

to be reunited with their families or to earn their living if they comply with the necessary procedures."

However, the Vietnamese Government has also warned that the majority of those who want to leave the country are victims of the instigation and deceit of imperialism and the Chinese mandarins. There are also those who do not want to adapt to the difficult national situation during this postwar stage; they do not want to adhere to the life of work and sacrifice that the construction of a new society demands.

Last 30 May, the appropriate Vietnamese organizations agreed with the UN Commission on Refugees on a seven-point plan designed to create the conditions to facilitate the orderly and safe departure of Vietnamese citizens to other countries.

This gesture also demonstrates the great humanitarian feeling of the Vietnamese authorities and their desire to avoid problems with the surrounding countries which have been, at least to some degree, victims of this campaign against the Vietnamese people.

Meanwhile, the principal leaders of the anti-Vietnamese campaign loudly repeat their indefensible accusations and intensify the propaganda war to incite the illegal exodus, mainly of intellectuals and skilled personnel (doctors, engineers, teachers, dentists, etc.) to try to disorganize Vietnamese economic life and provoke conflicts with its neighbors.

The tactic is not new; the strategy is the same.

U.S. imperialism used the same methods against our country during the first years of the revolutionary victory and the construction of socialism.

At the beginning of the 1960's, it unleashed a violently anti-Cuban campaign and conjured up the specters of a "fatherland government," "the communist terror" and even a "sugar-cane curtain."

It allocated enormous sums to convince technicians and professionals to leave the country and used the "danger of war with the United States" to frighten the hesitant ones.

This was all done with the objective of weakening the Cuban revolution in its first moments, but it was futile.

Socialist Cuba triumphed over the direct and indirect aggression of U.S. imperialism as the socialist countries of Europe triumphed earlier, as the Soviet Union first triumphed alone, against the aggression and blockade of 14 capitalist powers.

Vietnam is not alone. The socialist community, the progressive countries and all the peace-loving forces are on its side in its long war of liberation and independence against the imperialists and their Maoist allies.

All the aggression and all the maneuvers against it will fail as they have failed until now. The alleged "problem of Vietnamese refugees" will sooner or later turn against its fabricators. History has demonstrated this.

7717

CSO: 3010

CUBA

GENERAL MENENDEZ TOMASSEVICH CHAIRS UJC MEETING

Havana Domestic Service in Spanish 1045 GMT 17 Aug 79 FL

[Text] Div Gen Raul Menendez Tomassevich, member of the PCC Central Committee and Chief of the Central Army chaired a meeting of the Union of Young Communists [UJC] held at military unit 1410, during which the participants discussed the UJC role in strengthening discipline and in demanding greater responsibility in accordance with commander in chief Fidel Castro's pronouncements.

The event was attended by leaders of the local UJC, militants of the youth vanguard and unit chiefs of the central army. The principal report submitted to the participants enumerates the accomplishments and efficiency of UJC work in military unit 1410 and stresses the observance of important guidelines aimed at upgrading the UJC role in strengthening military discipline. The document states that during the educational term that has just concluded the members of the unit achieved a grade of good in all tasks undertaken. These results were possible thanks to the joint efforts of chiefs, officers, sergeants and soldiers and the active participation of party and UJC organizations.

During the discussion of the report, Div Gen Raul Menendez Tomassevich referred to the need for solving objective problems dealing with living conditions and safeguarding individual and collective property, factors which the young communists can support and demand that they be fulfilled. Lt Col Ruben Rodriguez Galano of the political section of military unit 1410 stated in his closing remarks that the UJC should project its efforts toward the attainment of greater successes in strengthening discipline, in combat and political training and in other tasks assigned to it by the party and the revolutionary armed forces.

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CUBA

MILITARY DEVELOPMENTS: RECRUITING POLICY, TRAINING

New Active Service Recruiting Policy

Havana GRANMA in Spanish 10 Jul 79 p 2

[Article by Maj Angel Rodriguez: "Toward a New Recruiting Policy for Active Military Service"]

[Text] "So long as imperialism exists, the party, the state, and the people will devote utmost attention to the defense services. The revolutionary guard will never be lowered. History with tremendous eloquence teaches us that those who forget this principle do not survive their mistake." (From the central report submitted by Fidel Castro to the First Congress of the Communist Party of Cuba)

The aggressive nature of imperialism is expressed in our time, among other factors, by the wild and unrestrained arms race engaged in by the chief capitalist powers, headed by the United States of America.

Naturally, it is not difficult to discover that this aggressive activity, feverishly pushed ever since the end of World War II and converted into the official policy of the imperialist states, is aimed against the Soviet Union and the other countries of the socialist community, in spite of the constant appeals and specific steps which the USSR and the other socialist states have taken time and again to contribute to international detente and to the achievement of a solid and lasting peace.

This colossal armament effort, which has turned war and military activities into an evermore complex art and science, confronted the Soviet Union and the other countries of the socialist community with the need for developing a powerful military industry which today produces the most modern and complex means of combat and defensive armament, as a secure guarantee for the gains achieved and as a retaining wall against the aggressive policy of imperialism.

Everybody knows about the efforts made by our party, the state, and the people in order to give us modern armed forces, capable of repelling enemy aggression and more than once paralyzing imperialist threats.

Over these past 20 years, thousands of men and women from the people with true passion devoted themselves to military activities, becoming experienced and highly skilled cadres, capable of efficiently carrying out troop training activities, directing the education of subordinates, and organizing combat under various conditions depending on the situation, attaining the efficient employment of resources of war.

During those 20 years, Cuba received abundant, modern, and complex armaments of various kinds, delivered as a brotherly and solidarity gesture by the great fatherland of Lenin, constituting the basis on which the glorious Revolutionary Armed Forces were built.

The complexity of this war materiel and the character of the combat operations for which our troops are being prepared demand increasingly not only command cadres, highly skilled engineers and technicians, such as those we already have, and those we are training in our schools and military academies and those of the USSR, but also regular troops and reservists with an adequate level of political and cultural background, trained for the rapid assimilation of the different subjects included in combat and political training, the efficient mastery of the means of combat and armament, and their more adequate conservation, maintenance, and utilization.

The central report submitted by our Commander-in-Chief Fidel Castro to the historical First Party Congress contains the following passage: "Since, in the future, the vast majority of youths will be attending schools on the high-school level and since we hope that some day all of them will be attending that school, it will be indispensable later on to draft senior-high school graduates who until now have not been included in the consideration of the economy's requirements, since our services are presently manned by recruits with a low level of school education who require longer apprenticeship and who very often do not attain the optimum training level for the employment of modern arms. When resources and the cultural level permit, it will be possible to reduce the term of service."

The radio, communications, chemical warfare, and engineer units, the naval and air units and the ground forces units have been issued especially complex equipment which, like modern industrial equipment, requires operators and personnel with a good cultural level as an indispensable requirement for the most efficient handling of that equipment.

This is why it was decided to launch a new recruitment policy for active military service involving youths who have graduated from the pre-university and middle technician levels.

Taking into account the fact that the cultural level of those youths will enable them efficiently to discharge their military duties, we are creating the possibility for reducing the term of active military service to two years and these youngsters are given the right to continue their studies in higher education once they have been discharged.

These benefits will be granted to those who, during their two years of military service, displayed a consistent attitude toward their military duties, attaining satisfactory skills in combat and political training, in working with equipment and arms, and in military discipline. In summary, this will be given to those youths who do their duty toward the fatherland's defense in an honorable manner.

College graduates, who have not yet put in their period of active military service, will, at the end of their studies, get military training in line with their occupational specialty, as reserve officers.

In 1977, in Fidel's speech on the occasion of the opening of the 1977-1978 academic year, at the "Jose Marti" vocational school, that policy was stated clearly and simply: "We have established the principle for the future that some 10,000 boys who graduated from pre-university schools will go directly to the university; after that, they will have to take military courses during their studies; once they have completed their studies, they will have to get the kind of training that will enable them to serve as reserve officers and, besides, they will have to put in their period of social service wherever they are sent, that is, in Cuba or outside Cuba. In other words, they will get the opportunity to attend college on the basis of their school records."

"Now," the Commander-in-Chief remarked, "those who are not included in this program will put in their military service but they will have another opportunity to go to college; in other words, they will be able to go to college on the basis of their school records and those who did not get that opportunity, through their records may obtain that opportunity through general military service."

With this policy, the Revolutionary Armed Forces are improving their combat readiness, their reserve training, giving the youngsters a chance to do their sacred duty in preparing themselves for the defense of the fatherland and they then have an opportunity to continue their higher studies.

This policy will undoubtedly contribute to the effort which our people, the state, and the party made for many years in an effort to give the country the kind of revolutionary armed forces that constitute a guarantee for the construction of socialism and that are profoundly rooted in the heart of the people.

Questions on Policy Answered

Havana JUVENTUD REBELDE in Spanish 8 Jul 79 p 2

[Text] We received several letters from youngsters who will soon complete their studies on the university-preparatory education level and at other centers of senior-high school education; the letter writers wanted to know whether it is true that, upon completion of their studies, they may be drafted for active military service. After consulting the competent agencies in the Ministry of the Revolutionary Armed Forces, the "Correspondence" section can offer the following information:

As of this academic year, we will begin to draft for active military service the graduates of university-preparatory and middle-level technical schools in numbers that will be increased during the years to come until, in the not too distant future, they will become the backbone of recruitment for the FAR.

This new recruiting policy was advocated back in December 1975 in the central report submitted to the First Party Congress by Commander-in-Chief Fidel Castro, pointing out the following:

"Since, in the future, the vast majority of youngsters will be studying on the middle level and since we hope that some day all of them will be on that level, it will be indispensable later on to draft the senior-high school graduates who so far have not been included in the consideration of the economy's requirements."

We can add the following items of information: In 1970, only 28 percent of the boys reaching military age had a junior-high school and senior-high school education. In 1974, that figure rose to 50.1 percent and in 1978 it was 77.5 percent.

Right now, out of every 120 youths reaching military age, 82.7 are on the junior-high and senior-high levels and there is a tendency for those figures to continue to rise as a result of the effort and the dedication of the party and for the government to education in Cuba.

These data, combined with the need for supplying the Revolutionary Armed Forces each day with soldiers having a high level of education, able to master and assimilate combat and political training and the complex combat equipment issued, indicate to us the need for the implementation of this new recruitment policy. It must be emphasized that the task involved in the fatherland's defense require youths with high political-moral, cultural, and physical qualities.

These draft calls will not include those youngsters who, on the basis of their academic records, can matriculate at the universities. In those

cases, they will take military studies along with their college studies and, upon completing their level of higher education, they will get military training that will enable them to serve as reserve officers.

#### New Opportunities For Youngsters

Senior-high school graduates who are not accepted at the university and middle-level technicians will be drafted for active military service and, on the basis of their military record, that is to say, the good results achieved in combat and political training and in working with equipment and weapons, as well as proper discipline, they will earn the right to register at the universities and it will then be possible to reduce their terms of military service to two years.

As a result of this new recruitment policy, the FAR [Revolutionary Armed Forces] will get qualified personnel and that in turn will make it possible to improve combat readiness; besides, the youngsters will have an opportunity to earn admission to higher education. We believe that this information should eliminate the worries of readers who wrote to us but if one or the other among them has further questions on the topic, they may contact our section.

#### Defense of Engineering Diploma

Havana VERDE OLIVO in Spanish 15 Jul 79 pp 29-31

[Article by Mario Rodriguez: "Defense of The Diploma Thesis"]

[Text] The Military Technical Institute is getting ready shortly to graduate a new group of engineers with a high training level; this will undoubtedly influence the evermore successful development of the combat training plan for the troops and the improvement in their combat readiness.

The body of knowledge imparted in classrooms and laboratories, plus practical exercises in command within the units, add up to the multi-lateral training of those youths as future engineers; they are presently involved in going through a decisive stage in their studies: The defense of their diploma thesis.

This thesis is the final stage in engineering study at our higher-level military schools and academies.

This work convincingly demonstrates the depth and solidity of knowledge acquired and, its well-supported defense requires investigation and research through the employment of all available resources.

The development of all activities involved in the thesis constitutes a difficult test but at the same time it is a magnificent opportunity to

demonstrate what the individual has learned and it is also an indicator of individual capacity.

#### Dedication and Search

Drafting the diploma thesis is beginning to become a reality the moment the particular topic has been selected. From that moment on, two indispensable elements come into play: Dedication and search.

This effort quite naturally requires supervision by professors who must orient this effort in every necessary respect without losing sight of the autonomy which the future engineer must have.

The thesis presents well-defined objectives, such as:

Consolidating theoretical knowledge acquired during the process of instruction;

Teaching the students individually to apply the knowledge obtained;

Fomenting the in-depth study of one of the specific branches of engineering for special tactics in accordance with the topic chosen;

Consolidating in the students certain habits of calculation, drawing up graphs, maps, plus analysis of combat operations of the unit, as well as the construction of experimental devices for equipment.

This effort requires time and special attention, plus uninterrupted work on the part of the author concerning the specific assignment he has set himself; that assignment may be tied to scientific investigation plans which are being handled by the particular department involved. This is why it can have a real-life or instruction content.

#### Two Examples To Be Imitated

There are other basic elements involved in the implementation of this important teaching task. To find out what they are, nothing would be better than to talk to those who, within just a few hours, will report to the state commission, ready to demonstrate the results of many long hours of work.

Santiago Linares Martin and Gustavo Pino Cuenca stand out among the group of students to graduate next.

Both of them are examples worthy of imitation because of the iron determination they displayed in their studies and because of the adequate organization of their individual training.

Santiago firmly moved toward winning the "control panel" while Gustavo opted for an "outstanding" rating on his diploma.

A tremendous effort is necessary to get such grades. It suffices to point out that, to win the medal, the individual must have received grades of no less than "outstanding" in all tests and examinations. To get an "outstanding" on the diploma, the individual must have received that rating in no less than 75 percent of the grading periods and he must have gotten "good" in the rest.

Santiago's special field is electro-radio technology; he will submit his thesis on "Automatic detection of radar targets" to the commission.

For Santiago, the specialty which he has been studying constitutes a fascinating field, on top of which, as he himself says, it "guarantees the inviolability of our air space."

"As far as my thesis is concerned," he emphasized, "I had to plan the available time in an optimum manner. Drawing up a rigorous individual workplan was a big plan help to me.

"In that plan, I tried to include in the most precise fashion everything having to do with pertinent literature, order, regulations, standards, graphs, etc., which would help me in putting my thesis together. The content of the thesis also takes into account the deadlines within which each of the selected materials must be studied, visits to military units for civilian agencies, to the extent necessary, the deadlines for the general aspects of the topic and for the laboratory experiments and many other steps.

"I believe that the objectivity and success of the thesis are to a certain extent based on detailed planning.

"Drafting the thesis undoubtedly requires rigorous study and research work. That constitutes a guarantee for a certain discipline concerning future work, when research becomes a daily effort.

"As far as my special field as such is concerned, it is on a high scientific level. We have a new study material base for the successful development of this specialty and that enables us to combine theory with practice during the learning process.

"I must stress the fact that I had valuable assistance from the professors and from my fellow students."

The diploma thesis generally consists of various aspects or chapters, plus the introduction and the conclusions.

In drafting each of these parts, the student must demonstrate great independence, trying to make sure that the aspects taken up in each chapter will not create any doubt in the project reviewers.

Observations and deductions, well-supported by the student, are decisive in getting a good grade.

In arguing in support of a deduction, the student must make reference to the prospect involved in the field of current development of science and technology as well as in the field of military science itself.

The student who generally employs those mechanisms will never arrive at the wrong conclusion.

The value of the thesis resides in the originality of the basic statements, in full conviction as to their solid foundation, as well as in the strong arguments contained in the conclusions.

In this sense, we find outstanding the work done by Cadet Gustavo Pino Cuenca who is about to complete his civil and military construction engineering studies.

His research effort on "The construction of fortified work for radars" has been given the grade of "very good" by the project leader.

Everybody familiar with this thesis agrees that Gustavo will get a rating of "outstanding" and that he will furthermore defend a thesis that is perfectly feasible under our conditions.

"In defending my thesis," says the future engineer, "I have marshalled all the necessary arguments which in turn I obtained through a detailed and minute preparatory phase.

"The report which I must present in writing (descriptive report) in a coherent and consecutive manner includes the objective, the degree of timeliness, and the fundamental content of the work done.

"It is to be hoped that, upon finishing the reading of my report before the state commission, they will ask me specific questions relating to the topic taken up, which is why I must try to figure out what the possible content of these questions might be so that I might answer them with precision and promptness.

"I believe that a graduate in my special field is able to direct, plan, and control the entire complex of activities currently being carried out in the FAR; on top of that he can continue his studies and subsequent research after getting the corresponding scientific degree.

"Work on the thesis required a special effort on our part, including work during our spare time, without neglecting other activities of a political and military nature.

"The material and teaching support for this activity was guaranteed through the availability of the necessary bibliography, the material study base required in each case, and the valuable assistance from the professors who were in charge of the group."

Now all that remains is the defense of the thesis. Santiago, Gustavo, and many others are getting ready to enter the complex world of daily activities where as yet unexplored fields are awaiting the research enthusiasts.

They have a great future ahead of them likewise. Many will even decide, after some time, to go for a scientific degree. The doors are open and all that is needed is determination and the desire to win.

#### Holguin Tank Unit Training

Havana VERDE OLIVO in Spanish 22 Jul 79 pp 38-41

[Article by Lesmes La Rosa: "The Best Way to Hail the 26th"]

[Text] The five first minutes spent with this tank unit were enough to arrive at an important conclusion: Everything is ready for the 26th there. The joy and enthusiasm, gripping the province which is the site of the central event on the occasion of the 26th anniversary of the attack on the Moncada barracks, is also manifest in the degree of military readiness.

The effective and satisfactory accomplishment of the tasks remaining within the Training Year became the main point in honoring this glorious historical event. In-depth development of topics involved in combat and political training, wall posters referring to 26 July, ideological conferences, night work, beautification projects . . . what effervescence!

I inspected the installations. Opposite the parking lot, I talked to a soldier. His powerful, steel-like grip, although he was obviously quite relaxed, is mute testimony to our chat. I listened to the young soldier:

"The commemoration of 26 July is such a tremendous thing that all of us Cubans have a share in it. That holds true of whether we are in production, in the service sector, or in school. And it also applies to national defense. The portion that is up to us revolves around improving our combat readiness."

## Combat Alert!

That was the message carried by the prolonged howl of the sirens that interrupted our conversation. Operational readiness and cohesion are beginning to emerge as something quite common: Rapidly the men pick up their equipment, man their respective tanks, and strip them for action. The whole thing takes just a few seconds and the engines begin to roar. Firm and skillful hands operate the controls. The heavy tracks dig into the ground while a compact cloud of smoke and dust rises. It does not take long for the tanks to form up and move off in columns. After a short time, the unit is in the assembly area. Sweat begins to soak the shirts. Tensely the tankers perform the functions involved in securing and defending the occupied area and preparing the equipment and armament for the accomplishment of the assigned mission.

What happened? Well, this was the beginning of a tactical maneuver which is a part of the culmination of the current Training Year. The commemorative activities connected with 26 July provide a political and ideological backdrop for this mission. This stimulus is enhanced by the fact that the theater of operations is located in the province that is to be the site of the central event connected with the Day of National Rebellion.

These men therefore, in each of their functions, combine their best effort in order to display their unit's combat readiness and their skills in going into action. As the soldier put it, this is the part of 26 July that is up to them.

### Before: Commence Firing

The development of the maneuver enters a new phase: The organization of combat operations. It is up to the commanders to discharge one of their chief duties. During this phase, they are most concerned with achieving another objective of this operation: To perfect their skill and practical habits in planning combat operations and in the firm exercise of command.

The situation is clear for the tankers of this unit which, being a part of a major unit, has the mission of preventing the "enemy's" penetration into the second echelon of the units that are defending and stopping the advance of that "enemy" in certain directions and, after that, to be ready to launch counterattacks.

The operations during this phase alert every commander to the fact that victory over the enemy depends to a great extent on correct planning and that firm and uninterrupted command constitutes one of the most important factors in unit combat readiness.

Cohesive teamwork produced results: The missions were stated, reconnaissance activities were carried out, and the unit commander has already made his decision. The powerful tanks defied terrain features. Behind

their armor, personnel advance to occupy defensive positions. There is more sweat and there is a rise in enthusiasm: Engineering activities, organizing the firing system, perimeter defense.

In summary, another demonstration of high combat readiness in honor of 26 July.

#### A Dose For The "Enemy"

Drafting the documentation for higher echelon proved no less important. During that process, I approached the commander of the small unit. Without giving me time to ask questions, pointer in hand, he motioned to the command section and said to me:

"That is my backup support!"

"Why?"

"The fact is that, in any situation, the commander is the central figure in leading the small unit. He personally organizes combat operations and concentrates all of his effort on the accomplishment of the mission. To make that perfectly clear, I can say that, during the development of combat operations, he analyzes the changes that take place in the situation and when the course of events so requires, the commander makes decisions and assigns new missions to his subordinates, etc.

"But he cannot meet all of his obligations by himself without falling back on higher echelon. It constitutes the principal command echelon through which the particular unit commander directs the subordinate minor units and maintains the combat readiness of the troops."

There were strong reasons for making me postpone this unexpected interview to another occasion: The basic idea behind the operations at that particular moment called for repelling the "enemy's" reconnaissance in force. Thus the enemy received the first burst of fire from the tank unit.

In summary we can say that the "enemy" tried something that he will not achieve, neither in maneuvers, nor in a real situation: Seizing our territory.

The tankers were already fighting. They constantly received and successfully carried out new missions: Beating back the "enemy's" main body during his approach to the frontline. Accurate fire was placed on the "invader" who had managed to penetrate. His advance in depth was blocked; he hastily had to switch to the defense. But the tank unit received the order to attack forcefully in cooperation with adjacent units.

### A Storm of Projectiles

I ran into the commander on top of a little hill. With his index finger he described a horizontal line, running from left to right. He thought briefly and said:

"Here is where we are going to break the 'enemy's defense.' Let us hurl a storm of projectiles at him!"

It is rare that words are followed so promptly by action. The men displayed their skill and dynamism in handling the tanks. They launched the offensive with powerful bursts of fire against the "enemy" who was forced to withdraw in a certain direction; but there he was counterattacked by forces from higher headquarters and suffered the expected defeat.

In the meantime, the tankers regrouped and were ready to carry out new missions.

### Unfinished Conversation?

I utilized this pause to talk to a soldier. He was Juan Rodriguez Martinez, a tanker. He simply radiated joy. I asked him what had happened and he smiled but did not answer. The deputy commander for political activities smiled and told me:

"The comrade was at the unit's point."

I congratulated him and we continued our conversation next to his tank. Once again I listened to him as he said:

"Now I have even more reason to tell you that this maneuver is a part of our 26th. I am particularly happy because we demonstrated a high degree of combat readiness in practice; we carried out our operations and we perfected our field training. I believe that this is the best way we can honor the heroes of Moncada. We are now better trained."

An order made us "cut" our conversation: Return to base, where it only took five minutes to confirm that the tankers are behind the 26th both there and on maneuvers.

5058  
CSO: 3010

FAR OFFICER VANGUARDS DECORATED

Havana Domestic Service in Spanish 1045 GMT 20 Aug 79 FL

[Text] The Revolutionary Armed Forces—FAR—chiefs, officers and warrant officers who are vanguards in 1978-79 yesterday, 19 August, received the awards accrediting them as such at a military ceremony held in front of the Granma memorial. The ceremony was chaired by Div Gen Abelardo Colome Ibarra and Brig Gen Sixto Batista Santana, both members of the PCC Central Committee and vice ministers of the FAR. Other FAR chiefs and officers also attended.

The closing remarks were made by Brig Gen Ulises Rosales Del Toro, member of the Central Committee and chief of the Western Army. Div Gen Abelardo Colome Ibarra pinned badges on the chests of a group of vanguards representing the different commands expressing the recognition for the attitude maintained by each one of them in combat and political training. This award expresses how much the PCC and the command value the daily and unselfish efforts made by the chiefs, officers and warrant officers who overfulfilled their tasks and made great contributions to improving and perfecting the FAR.

There were some at the ceremony who received this award for the first time, but there were several who were present at this site for the second, third and even fourth time, demonstrating that they have maintained this exemplary conduct and this high working spirit.

Brig Gen Ulises Rosales Del Toro spoke about these men and women in closing the ceremony. He also spoke of the level reached in the socialist emulation in the FAR and its level of systematization. He said that emulation has become the prime mover of all activities and that it has decisively contributed to increasing the levels reached in military work. Referring to the vanguards, he said that the selection process was particularly complex because one had to determine which individuals had obtained the highest and most stable results in carrying out their operational duties. He pointed out the attitude maintained by all chiefs and officers and particularly by those selected as FAR Vanguards.

[Begin Rosales Del Toro Recording] Receive with the modesty which characterizes you, the honor which the people give out. And take on new energy, when at the end of the week, you go back to your units willing to continue exemplarily fulfilling the high duty of working in the interest of defending the revolutionary achievements as you have done up to today by being examples for other chiefs and officers and for subordinates. For the results achieved and for the example, unselfishness, enthusiasm and revolutionary passion which you have shown in fulfilling the tasks and missions assigned by the PCC and state; allow me, in the name of the Minister of the FAR, Army Gen Raul Castro Ruz, and in our own behalf to congratulate you dear comrades. Long live the FAR Vanguards! [Shouts of "Viva" from the crowd] Long live the PCC! [Shouts of "Viva" from the crowd] Long live our commander in chief! [Shouts of "Viva" from the crowd] Fatherland or death! [Shouts of "We Will Win"].

CSO: 3010

**ARMY ROLE IN POLITICAL ORGANIZATION OF SOCIETY EXPLORED**

Havana VERDE OLIVO in Spanish 15 Jul 79 pp 48-50

[Article by Capt Jose Antonio Alonso Monterrey]

[Text] One of the basic issues of Marxist-Leninist doctrine on war and the army is the place and role of the army in the political organization of society.

The term "political organization of society" began to be used in Marxist-Leninist literature only recently.

Not only is this concept found in the Programmatic Platform of our party, but in addition, its theoretical content is examined. "The political organization of our society is based on the Marxist-Leninist conception and principles concerning the dictatorship of the proletariat," it emphasizes, "which depends on the alliance of the working class with farm workers and other manual and intellectual workers under the hegemony of that class and the leadership of its vanguard, organized in the Communist Party of Cuba."

Our soldiers' and officers' knowledge of the essence and content of this sociopolitical category and the place and role of the armed forces in it constitute a recognized need of prime political importance.

The ideology of the bourgeoisie and the revisionists distort and twist the role of the army in social development. For example, the enemies of our revolution "analyze the role of the Rebel Army in a schematic and unilateral fashion, divorcing it from its broad democratic objectives, its solid social base and the decisive policy of unity with which our commander in chief led the struggle at all times."<sup>2</sup>

The scientific methodology for an analysis of the dynamics of the component elements of the political organization of society and the place and significance of the armed forces in it are set forth in the works of Marx, Engels and Lenin. Marxist-Leninist theory on classes and the state, the argument concerning the determination of the economic base on the superstructure and the influence of the latter on the former, as well as scientific theory on

the army constitute the theoretical-methodological and partisan foundations for focusing upon the role of the army in the political organization of society.

#### Essence of the Political Organization of Society

The emergence of private property and classes complicates the structure of social life. They change the content and dynamic of the already existing spheres and new phenomena appear in their turn: the sphere of political relations and sociopolitical institutions and organizations.

In primitive communities, there was no political organization of society since politics did not exist as a social phenomenon and consequently, political and legal relationships did not exist. With the appearance of the state and as a result of the division of society into classes, there emerged the first type of political organization of society: that of the slave-owning socio-economic formation.

In contrast to the bourgeois theories which present politics as something external and outside of classes, Marxism-Leninism scientifically shows its historical and classist nature. For Lenin, politics is the concentrated expression of economics. It is the relationship between classes, states and nations. Political relations are not relations between individuals and others, but rather, between millions of persons.

Based on Leninist methodology, we can say that as a concentrated expression of economics, politics is the relationship between classes, nations and states and it is manifested in the activity of the masses and parties which, by sustaining a specific political awareness, channel their action toward the winning, preservation and strengthening of state power and the direction of the social process through class interests.

Politics and political organization as a whole are determined by the economic base of the society in question. This is not a mechanical or absolute determination inasmuch as through its component elements (the state, political parties and social organizations), it plays an active role with respect to the economy. This base-superstructure dialectic is the key to an understanding of the operation of the political system of society.

Because of its essence, the political organization of society, as an organic part of the superstructure of any society divided into classes, can be defined as the system of institutions, organizations and organs that regulate political relationships between classes, nations and states.<sup>3</sup>

It is necessary to point out that there are different points of view on the definition of the political organization of society. Even now, the concept of the "political system of society" is used as a much broader category. For example, while the component elements of the former are the state, the parties and the social and mass organizations, the political system takes in

the political organization as a whole, political and legal norms, relationships and the political awareness of society at a given time in its development.

In the process of creating the new society, political organization of society goes through two fundamental phases. The first corresponds to the period of transition from capitalism to socialism, whose basis is made up of the dictatorship of the proletariat. That is the phase of creation in which our nation finds itself.

The political organization of Cuban society can be defined as the whole set of political, state, mass and social institutions, organizations and organs, related and interrelated between themselves, which, under the leadership of the Communist Party, lead the working masses to the victorious building of socialism and communism.

The nucleus of the political organization of our society is made up of the Communist Party. Article 5 of the constitution states: "The Communist Party of Cuba, the organized Marxist-Leninist vanguard of the working class, is the higher leadership force of society and the state which organizes and orients common efforts toward the lofty goals of the building of socialism and progress toward communist society."<sup>4</sup>

The second phase corresponds to the period of socialism and its transformation into communism. This is the phase in which many European countries in the socialist community find themselves.

#### Place and Role of Armed Forces in the Political Organization of Society

The armed forces are an organ of the state, an instrument of policy. Consequently, the army is part of political organization as one of its principal elements. Now then, in itself, the army does not occupy an independent, autonomous place. Above all, as the Marxist-Leninist classics have shown, the armed forces are one of the organs of the state, their organic element, their organ of power and force. This is what we might call the geographic place of the army in the political organization of society.

The Cuban Government is made up of four groups of fundamental institutions: representatives of state power, legal, fiscal and armed institutions. As one might observe, the FAR belong to this last group, which is their precise place in the political organization of society. They are the principal element of the armed institutions but not the only one. The military organization of the state cannot be reduced to the army alone. The army, as a state organization, is its principal instrument for defending and maintaining the interests of the economically dominant class. As the Programmatic Platform states: "The Revolutionary Armed Forces constitute the armed bulwark of the defense of the socialist nation against all possible aggression -- whether direct or indirect -- by imperialism."<sup>5</sup>

The scientific definition of the army as a sociological category was given by Engels when he said: "The army is a group of armed men maintained by the state for the purpose of waging offensive or defensive war."<sup>6</sup> This definition of Engels is of great methodological importance because in itself, it contains the three principal traits of the army. First of all, it is a state organization, an instrument of the state. Second, it is an organization of armed men; it is organized military violence. Third, as an armed organization, it is designated for the purpose of waging and conducting war.

As an element of the state superstructure, the army is based on specific production relationships, which constitute the economic basis of society. Consequently, the different types of armies (slave, feudal, bourgeois, socialist and armies in transition) are engendered by the socioeconomic structure and the political system of the society in question.

Marx and Engels paid great attention to the military sphere and above all, to the history of the army because, according to Marx himself, it is in that history that one can properly appreciate the materialist concept created by him and Engels.

"War is developed before peace," Marx tells us. "It should be shown how, as a result of war and in armies, certain economic phenomena such as paid work, machinery, and so on, were developed before they were within bourgeois society. In the army, the relationship of productive forces and distribution relationships are especially visible."<sup>7</sup>

In his article "The Army," written for the new "Encyclopedia Americana," Engels develops this idea of Marx: "The history of armies further confirms the accuracy of our concept of the relationship of productive forces and social relations and shows that the army plays an important role in economic development."

Economic phenomena such as wages, the ownership of movable property, organic structure, the use of machinery, metal money and distribution were developed in the army before they were in the rest of society. The reader can find more details on this subject in the article by Soviet writer I. Bagaturian: "Historical Materialism and the Setting Forth of the Foundations of Marxist Military Theory by F. Engels."<sup>8</sup>

The army also plays an important role in the political and spiritual aspect of social development. On many occasions, Lenin analyzed the role of this armed institution in the class struggle. His argument concerning the need for partisan and political work within the army for the purpose of bringing it into the struggle of the proletariat is of great political importance at the present time.

The army can be a factor making the political and social development of the country possible or it can also serve as an obstacle to that development. Batista's army as an instrument for the repression of the people constituted

an obstacle to political and social development. In this connection, our commander in chief stated: "...In our fields, sugar mills and cities, the army at all times defended the overriding interests of imperialism and the national oligarchy. In the evictions of farmers, in the massacres of workers, in the climate of terror that prevailed under the imperialist and oligarchical dictatorship under which the country lived from the very beginning of the republic, the mercenary army played a fundamental role. The soldiers, noncommissioned officers and officers constituted a Praetorian corps in the service of landowners, mill owners and industrialists. Naturally, the best defended interests were those of the American monopolies. This machine of terror in the hands of the oppressors constituted an extraordinary obstacle to the political and social development of the country. Trained and equipped by the United States, it represented a force which was, in the opinion of many, invincible. Viewed as an instrument of popular repression, it was absolutely ineffective as a safeguard of the country's sovereignty, but on the domestic level, it was formidable as an armed guard of the established social system."<sup>9</sup>

Something very different and quite distinct happened with the Rebel Army. As a political and military vanguard of the Cuban Revolution, the latter played a relevant role, not only before the triumph of the revolution, but after it as well. With its political and military activity, the Rebel Army contributed to the social development of our country since it was not only the main factor in the defeat of the tyranny and in the establishment of the revolutionary government, but as Commander in Chief Fidel Castro noted, it was "the guarantee of national sovereignty and the revolutionary conquests." Furthermore, the Rebel Army was a factor of unity and cohesiveness of all revolutionaries and the entire nation.

The Rebel Army was the armed instrument that helped to put an end to the political organization of the capitalist society in Cuba and create conditions for the establishment and defense of the political organization of the new society, the socialist society.

The history of the building of the new society is the history of its armed defense. The armed forces are the principal instrument of defense. The defense of the socialist nation in the period of transition from capitalism to socialism takes in two aspects: one internal (a struggle which on occasions takes on the form of a civil war and is waged against the counterrevolutionary attacks of the defeated classes) and the other external (the fight against interventionists). Since the triumph of socialism, the center of gravity has totally shifted toward the aspect of guaranteeing security against outside attacks.

"The armed defense of socialism," states V. Ivanov, "as a specific aspect of social activity, must militarily guarantee the security of the building of socialism and communism. The armed forces of the socialist state are the principal instrument of defense and their activities are carried out in various ways depending on specific conditions. In wartime, these activities

are carried out through the armed struggle against aggressors and in peace-time, through peak combat readiness, achieved through various methods of daily military training and service, including "land and sea maneuvers, actual shooting, combat guard duty, tactical drills, and so on."<sup>10</sup>

In sum, the army does not occupy an independent place in the political organization of society. As an armed instrument of a specific social class, it fulfills two fundamental functions: one internal and the other external. In keeping with the class nature of the army -- that is, the social class it defends -- and the specific historical conditions that exist, it can play a progressive, revolutionary role or it can be a reactionary element and an obstacle to political and social development.

The army of the socialist state is the principal instrument of the defense of the socialist nation.

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CUBA

**VILMA ESPIN ADDRESSES FMC ON THEIR 19TH ANNIVERSARY**

Havana Domestic Service in Spanish 1045 GMT 20 Aug 79 FL

[Text] The newspaper GRANMA today, publishes a letter to the members of the Federation of Cuban Women--FMC--on the occasion of the 19th anniversary of the FMC. The letter was written by FMC President Vilma Espin. The letter congratulates all comrades who are members of that organization and it states that they provide their magnificent and necessary contributions to the revolution on all fronts.

She states that we arrive on this anniversary involved in the preparatory work for the Third FMC Congress, our most important meeting. And she calls on every FMC member to actively and enthusiastically participate in the preparations for the event. Lastly the letter states that we will continue advancing towards the future, loyal to the PCC and Fidel--imbued with his teachings and his example--working to every day be better and to give the most efficient support to production, studies, defense of the country, internationalist missions or to any task assigned to us, with the determination and militancy which has always characterized the FMC.

CSO: 3010

TWELVE HUNDRED ADDITIONAL ANGOLAN CHILDREN TO CUBA

Havana JUVENTUD REBELDE in Spanish 2 Aug 79 p 1

[Text] Luanda, 2 Aug--President Agostinho Neto has praised Cuban internationalist aid in the training of Angolan technicians and specialists and announced that another 1,200 Pioneers will go to Cuba to study this year.

The Angolan chief of state met with a group of outstanding students pursuing their studies in Cuba and now vacationing at home.

Neto congratulated the Angolan students for their achievements and urged them to set an example for all students, especially those who will for the first time go to Cuba to be trained, patriotically, technically and for the revolution.

He emphasized that the young people studying in Cuba are chosen by the MPLA-Labor Party and said that in that friendly nation, Pioneers are trained to be men and women worthy of their nation.

He added that it is our Cuban comrades who made the greatest contribution to the training of our cadres. They made it possible for young people and workers unable to study under the Portuguese colonial rule to do so.

Neto said that the achievements of the students and professors are not only individual achievements, but that they also belong to Cuba for its solidary help in the training of technicians.

He said that the MPLA is not only interested in having its Pioneers gain technical training, but that they must acquire a feeling of responsibility to their nation and all their people.

He urged the Pioneers to continue to be faithful to the party line, which he said is well defined and from which they must not stray, no matter what circumstances or consequences they might face.

One of the students presented Neto with a gift made by the students and on behalf of all those studying in Cuba, reiterated their commitment to remain loyal to the orientations of the MPLA-Labor Party.

He recalled that the president's visit this year to the Isle of Youth, where the Angolan students are living, served as an incentive to them to intensify their efforts to achieve the goals aiming at socialism. (PL)

11,464  
CSO: 3010

NATIONAL BALLET CONCLUDES SUCCESSFUL U.S. TOUR

Havana GRANMA in Spanish 31 Jul 79 p 4

[Article by Virgilio Calvo]

[Text] The National Ballet of Cuba returned home yesterday following a successful 70-day tour of 7 cities in the United States, where it presented a total of 67 performances before sell-out crowds.

The performances of the National Ballet were given in San Francisco, Los Angeles, Boston, Houston, San Antonio, Washington and New York, cities where the Cuban company presented a varied repertory of classical and modern works that was highly praised by critics.

The members of the troupe which traveled to the United States returned to Cuba early yesterday morning and told the press that the result of their performances can be considered a success because the repeated ovations of the public which filled the halls where they performed and the favorable reviews in the principal American newspapers prove this.

Headed by the world-renown figure and general director Alicia Alonso and principal dancers Loipa Araujo, Aurora Bosch, Marta García, María Elena Llorente, Josefina Méndez, Mirta Pla, Jorge Esquivel, Lazaro Carreño and Orlando Salgado, the group interpreted some 30 works in its repertory.

The troupe presented pieces danced for the first time in the United States and gave the world's first performance of the new "Swan Lake," choreographed by Alicia Alonso, with music by Tchaikovsky and set design by Julio Castano. The performance was very well received by the public and the critics.

Critics confirmed the exceptional quality of the principal dancers of the Cuban Ballet in general and praised the versatility of the repertory presented.

Some of the headlines of the daily newspapers read: "Unforgettable 'Giselle' by Alicia Alonso," "Exquisite 'Swan Lake' by Cuban Ballet," and "The Amazing Impact of Blood Wedding."

The Cuban dancers are getting ready to participate in the cultural activities to be held on the occasion of the Sixth Summit Conference and in the coming European tour of the National Ballet of Cuba from 17 August to 28 November.

Mirta Pla, prima ballerina of the National Ballet, said on her arrival that Alicia Alonso and five other members of the company, including Loipa Araujo, Jorge Esquivel and Jose Zamorano, had continued on to Japan, where they will appear as guests in an important international ballet festival.

11,464  
CSO: 3010

BRIEFS

**NEW STATISTICAL PUBLICATION**--The first edition of the periodical ESTADISTICA is now being sold at newsstands. With this first issue, the State Statistics Committee is beginning the publication of a periodical devoted to the theoretical aspects of statistics and applications to economics and other social sciences. The periodical aspires to serve as a vehicle for the publication of research work and the applications of specialists and experts in the EEC and other national or foreign organizations and institutions, who will have an opportunity to publish their experiments in the field of theoretical and practical statistics. The periodical includes notes and comments on publications and books on statistics, as well as other subjects of interest for the professional advancement of Cuban experts. [Text] [Havana GRANMA in Spanish 1 Aug 79 p 2] 11,464

**UNSANITARY BEER BOTTLING**--Every day, cockroaches (as shown on the bottle in the picture [not reproduced]), flies, pieces of rags and paper, bits of glass from the bottles themselves and other unidentified objects are found in bottled beer. The photograph, taken in the cafeteria of the Seville Hotel in Havana also shows the insufficient contents of each bottle. Alberto Fuentes and Lino Echevarria, manager and maitre d'hotel respectively of the cafeteria in question, explained that during the week from 17 to 23 June, it was necessary to cull out five cases of beer because the bottles contained some of the items enumerated. Since this is not the first time that similar matters have been aired in space devoted to criticism, "Letters to the Editor" points to the need to make a serious effort to eradicate this painful situation. [Text] [Havana JUVENTUD REBELDE in Spanish 1 Jul 79 p 2] 11,464

**FAR VANGUARDS HONORED**--A ceremony honoring the Revolutionary Armed Forces --FAR--chiefs, officers and warrant officers vanguards of the 1978-79 training year was held last night 17 August at the FAR main club. The ceremony was chaired by Brig Gen Ulises Rosales del Toro, member of the PCC Central Committee, and by FAR Ministry Directorate Chiefs and other chiefs and officers. The welcoming remarks were made by Brig Gen Venancio Rivas chief of the cadre directorate, who warmly welcomed the honored guests. [Text] [Havana Domestic Service in Spanish 1045 GMT 18 Aug 79 FL]

RAFAEL RODRIGUEZ AT VILASECA CEREMONY--Carlos Rafael Rodriguez, member of the PCC Politburo and Vice President of the Councils of State and Ministers, yesterday chaired a ceremony at the foreign relations ministry marking the 70th birthday of Ambassador Salvador Vilaseca. Raul Roa, Vice President of the National People's Government Assembly and member of the Council of State, who was present, referred to the public service of Salvador Vilaseca, and thanked Cuban Foreign Minister Isidoro Malmierca for the opportunity to participate in the ceremony. [Excerpt] [Havana Domestic Service in Spanish 1000 GMT 21 Aug 79 FL]

CSO: 2010

U.S. TRADE RESTRICTIONS ON SUGAR, TEXTILES ASSAILED

Santo Domingo EL NACIONAL in Spanish 21 Jul 79 p 9-A

[Editorial: "Will the Americans Understand?"]

[Text] First the American Chamber of Commerce and then the National Businessmen's Council set out in the bluntest of terms in separate messages sent to American officials the enormous economic, social, and political harm and risks, both present and future, represented by the restrictions imposed by the Carter administration on the import of sugar and textiles into that affluent market.

Sugar is our foremost export product and producer of foreign exchange, and for 3 years it has borne up with great effort under the burden of considerable losses accumulated and caused by persistently low prices, a situation not unknown to the powerful neighbor to the north, which, by delaying the ratification of the Geneva International Sugar Agreement, shares in large part with the European Economic Community the responsibility for the depressed market.

Concerning the harm this situation means for the national sugar industry--which is two-thirds state owned--and therefore for the nation, so much has been said that it is now boring and almost unnecessary to raise the subject, because, to use an oft-repeated popular expression, "even the Patagonians" are aware of it.

Regarding textiles, the American attitude, adopted unilaterally, reverse the process of vigorous development in free zones of the country, with the discouraging prospect of hundreds of layoffs soon.

The Dominican Republic is passing through a period of growing and incipient democracy, which has coincided with a new wave of higher oil prices and the persistent decline in the sugar industry to such a degree that we cannot even remotely compensate for the high price of gold and the increased coffee prices.

But the future of the system is unalterably and strongly linked--and determined too--by the evolution of the economy as a function of a broader and more just social progress so that the number of those not participating in

the economy and of the dispossessed, which still constitute the great majority, will be reduced substantially and within a short time.

If our capacity for economic growth and the rapid creation of the jobs continues to be limited by the rises in the cost of oil and the products of the industrialized countries--including the United States itself--and by the low prices and restrictions on our export lines, we will undergo inevitable deterioration in political institutions.

Speaking frankly, the bankruptcy of Dominican democracy would destabilize the political situation in the area, and the damage sustained by such an occurrence would be felt strongly in the United States itself.

Bluntly speaking, this is what the two business institutions we mentioned above have brought up in different words but with the same meaning in the hope that someone in Washington with sufficient vision and influence will become aware of what is happening in these parts.

Will the Americans understand?

9015  
CSO: 3010

GUZMAN FOREIGN POLICY 'DEPENDENT' ON U.S., UPA LEADER SAYS

Santo Domingo EL NACIONAL in Spanish 21 Jul 79 p 10

[Text] The vice president of the Patriotic Union (UPA), Dr Antonio Lockward Artiles, criticized the foreign policy of the Antonio Guzman administration and the PRD [Dominican Revolutionary Party], calling it "dependent" on the United States.

Lockward Artiles indicated that the Dominican Government, along with others in the hemisphere, was "awaiting orders" from the United States to recognize the new regime in Nicaragua, which replaced the iron dictatorship of Anastasio Somoza Debayle.

"Dominican foreign policy is absolutely dependent on and dictated by Washington and does not respond to the interests of the people," the attorney and politician said during an appearance yesterday on the program "Interviews," which is proposed and directed by journalist Felix A. Gomez and heard daily between 1330 and 1400 hours over radio station Onda Musical. Lockward Artiles said that he did not believe there were differences of opinion between the policies of the Dominican Revolutionary Party and the government headed by Guzman, as has been stated on several occasions. For him, "it is the same."

He indicated that the UPA will be represented at a meeting of nonaligned countries in September in Cuba. He urged the PRD, as well as its secretary general and chief, Dr Jose Francisco Pena Gomez, to attend the conclave.

Dr Lockward Artiles said that a party or movement need not be in power to be represented at that meeting or belong to the nonaligned group. Thus, he said that the Palestine Liberation Organization (PLO) headed by Yasir Arafat would attend.

In harshly criticizing the foreign policy of the PRD regime, the UPA vice president said that the Guzman administration "is totally incapable of taking action without receiving orders from the United States. It is waiting for the United States to order its puppets in Latin America to establish relations with the Reconstruction Junta of Nicaragua."

He stated that the parties of the Socialist International, like the PRD, "respond to that form of action." Lockward Artiles said that the white party had ceased to be "the party of national hope."

He added that if the UPA were in power, "it would have an independent foreign policy and would not accept direction from the United States or Russia or China or any other power and would not bow to the views of those nations and the other parties and countries of the world.

"The UPA feels it is essential to exercise an independent foreign policy to be able to apply autonomy internally and for the development of our capabilities." Otherwise, he pointed out, "we would continue to be a colony. The UPA answers only to the true independence of the Dominican Republic," he said.

He declared that the formulation of an independent foreign policy had been the subject of ample debate in the highest levels of the UPA leadership to the extent that the experiences of the country over many years in that area had been analyzed. In that sense Dr Lockward Artiles stated that Americo Hugo had defended the country's interests well during the crude American occupation from 1916 to 1924."

He maintained that the internationalist believed that the Dominican Republic had the right to be a sovereign nation and that the United States purely and simply must leave the country, and that once its troops had left the country, the government here should repudiate all the actions imposed by the American Government.

"The Dominican Republic is nothing more than a simple pawn in the chess game played by the United States," the politician and attorney stated.

On another subject, he said that the PRD had turned its back on the workers and that in addition the government had not prepared a real policy on jobs, terming this one of the "failures of the regime."

9015  
CSO: 3010

OIL COMPANY TO CEASE LOCAL EXPLORATIONS, SOURCES REPORT

Santo Domingo EL NACIONAL in Spanish 21 Jul 79 p A-18

[Article by Roberto Marcalle Abreau]

[Text] The hopes of the entire country that oil would be found in the Dominican subsoil could receive a hard blow in the next few days in view of the almost imminent cessation of operations by the company that has made the greatest advance in this search.

Well-informed sources have confirmed to EL NACIONAL that the Venezuelan subsidiary, Petrolera Las Mercedes, had been informed by cable that its exploratory operations should be terminated by 30 June.

However, the Dominicans who head the operation requested that in view of the great importance that confirmation of the presence or lack thereof of petroleum has for the nation, the closing of the operation be postponed for another month, that is, until 31 July, according to the report.

The Venezuelan officials stated in their message that the cessation of operations would be for about one year and that this would mean moving all the equipment and technicians, both foreign and Dominican, assigned to the project to the South American country.

To date, Petrolera Las Mercedes has invested 11,750,000 pesos in the explorations, thus doubling the amount stipulated in the contract with the Dominican Government, which would be the principal beneficiary in the event oil is discovered.

In addition, government officials who have followed the operation of this oil company closely have publicly reiterated that the programs that were prepared for implementation over 4 1/2 years have been completed in only 1 1/2 years.

This tripling of efforts has also meant an especially rapid outlay of funds, which has forced the company to try to locate financing from international sources.

To date, however, such efforts have failed because of pressure brought by Shell Oil Company in various areas in which financing has been sought.

In the event Las Mercedes suspends its explorations, the country will suffer a hard blow because its dependence on petroleum is plainly and simply absolute.

Noted economists have stated that the country is not yet ready for the transition to other fuels and that dependence on oil will continue for many years.

In such circumstances and in view of the high cost of a barrel of oil--the last increase was almost 50 percent--the country has no other alternative in the short term but to turn to the search for petroleum as a matter of "national interest."

In such case, the President should participate directly in the problem, using all the means of supervision and control that may be necessary, and support the Petrolera Las Mercedes company in its exploratory efforts.

To date, only Caribbean Oil has carried out, together with Las Mercedes, important exploratory work. The other companies, which are waiting to see what these two will accomplish before investing in the search for oil, have not initiated their own projects.

9015

CSO: 3010

CNE: INFLATION BUT WITHOUT DEVELOPMENT

Mexico City EL SOL DE MEXICO in Spanish 5 Aug 79 Sec A p 2

[Text] The country is in a phase of "inflationary growth without development." We are filled with "planitis" of all stripes, and improvisation is in vogue. Policies and strategies must be reconsidered, or else Mexico will join the unsuccessful oil-producing countries.

Henceforth, 73 percent of the income from oil will be used to purchase food, because we persist in neglecting or excluding the agricultural sector.

The foregoing statements were made yesterday by Armando Labra, president of the National Association of Economists [CNE], at the final session of the 28th National Assembly of the Mexican Association of Forestry Professionals, at which he established the fact that, in comparison with 1977, when the oil income accounted for 10 percent, this year it will represent 50 percent.

Labra exclaimed: "We are now an oil-producing country; there has already been a structural change: We are exporting automobile parts, and importing corn. But it is very important that we be aware that the strategies and politices which have been devised are by now a thing of the past." Then he told the forestry engineers that an example of this is the Arab nations, wherein the wealth from oil has not been in evidence to date, because they lack manpower; and Venezuela, which lacks the industrial infrastructure that Mexico has at present.

He considered it regrettable that 55 percent of the country's wealth is distributed among 5 percent of the population; while 45 percent is distributed among the remainder of Mexicans. And this discrepancy becomes even more serious when the state fosters the rich becoming richer and the poor becoming poorer. Even the forests are subsidiaries of other sectors, such as industry, communications, commerce and housing; and with such a policy, it will be impossible to take advantage of the wealth from oil.

He urged the professional organizations to express their views and aid the authorities, so as to preclude "deviations" occurring in the strategies. Views must be voiced to create an awareness; otherwise, decisions will be

made. As an example, he said that the economists were opposed to Mexico's joining GATT [General Agreement on Tariffs and Trade]; and so the forest specialists should express their opinion when there are mistakes, such as the one cited, whereby the parastate company, Proformex, would allocate its production to industry without obtaining social benefits for the farmers. Or in the case of the backing for private industry pressure groups which complain about assistance and protection for their industries, when the latter are consuming input produced by the parastate companies and at subsidized prices.

Labra and several forestry engineers agreed that the creation of the state companies is not geared "to reality," because they are put into operation with an objective that is given up later to create other parastate companies; and all of them combined represent losses, because what they produce is only utilized by the privately owned factories.

He subsequently remarked that the IVA [Added Value Tax] "is inflationary from this moment on."

The economists discovered that there was a sizable receipt of funds on the part of private enterprise, "without any evidence of expansion or the creation of jobs." The study revealed that the companies are investing in the replacement of equipment, the maintenance of installed plants and "the accumulation of stocks."

Also participating in this session were engineers Eliseo Nino, president of the AMPF [Mexican Association of Forestry Professionals], and its secretary, Victor Sosa; as well as Juan Jose Reyes Rodriguez, Marino Sanders, Enriquez Quintana, Montes Lugo, Aldo Montes, Jesus Velazquez, Abelardo Ortiz and Mario Avila.

2909

CSO: 3010

**RESENDIZ PROTESTS 'AUTHORIZED INVASION' OF TRANSNATIONALS**

Mexico City EL SOL DE MEXICO in Spanish 31 Jul 79 Sec A pp 1, 12

[Text] After pointing out that backing for national engineering firms and the development of research are necessary requisites for the nation's development, Dr Daniel Resendiz Nunez, head of the Institute of Engineering at the UNAM [National Autonomous University of Mexico], warned that a growing number of foreign companies is entering Mexico to collaborate on public sector projects, "even in areas wherein there is a native capacity."

Resendiz Nunez, who won the "Elias Sourasky" Prize for science in 1978, stated in a study that a nation's own technology is essential for promoting its development in a steady manner, and that the fact previously cited could be an indication that the wrong course of action is being taken in Mexico.

The researcher, who will receive the "Elias Sourasky" Prize today from the secretary of public education, nevertheless declared that what has been done in Mexico during the past 50 years indicates that the nation's future will be increasingly less hampered by the long history of neglect for science.

He said that, even though there are signs of serious obstacles for the country in the future, which must be resolved by researchers, nevertheless, those very problems could be converted into opportunities for the development of science and technology itself.

And he mentioned the demand for capital goods, which currently represent half of all imports; the development of alternate types of energy, and of techniques for making more efficient use of the ones now available; the modernization of mining; the mechanization of agriculture; the creation of a national electronic industry; the development of a national transportation system; the engineering on marine platforms; the technology for automotive construction; and the prevention of hydrological or seismic calamities.

However, the UNAM researcher cautioned that this does not mean that all of the country's problems will be solved through a mere multiplication of research efforts; because science and technology alone cannot supply the necessary motivation for achieving a country's development.

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CSO: 3010

JAPAN WILL BUY PETROLEUM AT MEXICO'S PRICE

Mexico City EL DIA in Spanish 2 Aug 79 p 8

[Text] Yesterday, Novo Matsunaga, the Japanese ambassador to Mexico, announced the forthcoming visit to be made to Mexico by that Far Eastern nation's ministers of foreign affairs and international trade.

The diplomat, who spoke during a luncheon-meeting at the University Club, remarked that, on the occasion of the visit by Sunao Sonoda and Masumi Esaki, "I daresay an agreement might be reached" on the purchase and sale of oil between the two nations.

With regard to the bilateral relations between the two nations with similar governmental systems but with different economic and social development, the ambassador stated: "We have recently made major progress in the area of financial and economic cooperation, and in the negotiations on possible purchases of Mexican oil on the part of Japan."

The official noted that, for this reason, and owing to the daily increasing requirements for consumption of the hydrocarbon, Japan is willing to purchase the natural resource from Mexico at the price demanded by the Mexican Government.

Even though Mexican Petroleum is quoting the energy source at a higher price than that of OPEC, "the Japanese Government has considered buying from Mexico the amount of the hydrocarbon that the authorities of this country are willing to offer us," he explained.

He said that Masumi Esaki, the minister of foreign affairs, and Sunao Sonoda, the minister of international trade and industry, would arrive in this city between 13 and 14 August.

The ambassador announced that, during President Jose Lopez Portillo's last visit to the Far Eastern country, agreements had been signed involving \$1 billion in credit.

With regard to the amount of Mexico's direct and indirect debt to Japan, the official said that "it is extremely large," observing that, "within a short period of time...in the last 2 months....several banks have granted credit to the CFE [Federal Electricity Commission] and three loans to PEMEX [Mexican Petroleum]."

He noted that the credit granted to the Federal Electricity Commission amounted to \$250 million, and that PEMEX had been granted a loan totaling \$150 million, plus an additional \$125 million.

He said that this credit recently granted by the Japanese banks attests to the cooperation from the private sector of "my country toward Mexico."

On the subject of the future needs in the area of petroleum, Matsunaga pointed out that, by 1985, Japan will have to import from 6.3 million to 6.9 million barrels of crude per day.

He commented that, at the present time, "we are importing 97 percent of our energy from the producing nations;" and these imports "have not come to us from Mexico."

Then the diplomat explained that it has been a recent policy of the Japanese Government to promote, insofar as economic and political circumstances allow, a diversification in "our markets and our trade involving purchases and sales; and in this respect, the relations between Mexico and Japan have made us consider this country's energy sources."

He added that, of the 97 percent of imports of the natural resource, 70 percent is being purchased from the Middle East nations; but the political and social status of those countries "has prompted us Japanese to consider other plans and alternatives for the purchase of crude."

The official stated: "We have not yet been informed as to the amount of oil that Mexico can offer us. There is a possibility that, upon the visit of the two ministers, an announcement will be made of the date on which Mexico will start sending hydrocarbons to Japan, and, obviously, of the amount in barrels."

2909  
CSO: 3010

MEXICO

PREDICTION THAT U.S. WILL BUY GAS AT WORLD PRICE

Mexico City EXCELSIOR in Spanish 3 Aug 79 Sec A pp 1, 14

[Text] Lazaro Cardenas, Michoacan, 2 August--Stephen Hitchcock, the commercial attache at the United States Embassy in Mexico, claimed that the United States would pay Mexico the international price for its gas, and expects to be the main purchaser of that product.

During a tour of the Lazaro Cardenas-Las Truchas Iron and Steel Plant, the diplomat stated that President Carter is greatly concerned with energy supplies for the United States, and Mexico is an alternate source of aid in this respect.

He said that the gas sale would be decided on this coming September during the meeting between Lopez Portillo and Carter in Washington.

The amount of Mexican gas to be sent to the United States is 2 billion cubic feet per day, using the Cactus pipeline in Chiapas, or a branch line to Reynosa, and from there to MacAllen, Texas.

Although a gas pipeline was opened in Cadereyta, Nuevo Leon, it has not gone into service yet, because the PEMEX [Mexican Petroleum] technicians have discovered leaks in the 1,200 kilometers of piping.

The United States charge d'affaires in Mexico remarked that no pressure has been exerted on Mexico, but rather that "President Carter wants to negotiate on an equal footing; but we definitely need the Mexican fluid."

The diplomat is in this town to become acquainted with the progress in steel production.

Engineer Gabriel Magallon, deputy director of operations at the Lazaro Cardenas-Las Truchas Iron and Steel Plant, explained that, this year, it would attain a production of 650,000 tons of steel; and that the second phase would require an investment of 38 billion pesos, to produce 1.5 million tons of steel plate.

The authorization of the Secretariat of Programing and Budget is being awaited to implement this project.

This year, that iron and steel complex will produce 650,000 tons of steel bars and wire rods, as well as rolled steel shapes.

The monthly production of steel in Michoacan averages 55,000 tons, and the present transportation facilities are inadequate for moving the product to the interior section of the country.

At the end of this month, the railroad which will connect this part of the Pacific coast with the interior will go into service.

The industrial complex has 32 different kinds of technology, but it lacks a combined production program.

It has equipment, furnaces, machinery and tools from Japan, Germany, Sweden, Austria, Great Britain and France. Hence, the Mexican technicians need a high-level engineering procedure to amalgamate the production processes.

It has been estimated that, during the second phase, a production target of slightly over 2 million tons per year will be met, which is a sufficient volume with which to meet the national demand.

At the present time, the steel products are being quoted, at the plant, at 8,000 pesos per ton; and the speculation in the interior section of the country has set the price at up to 15,000 pesos per ton.

This manufacturing complex will be supplied with natural gas, and its furnaces will be operated with that fuel starting in 1980. It is believed that the main system from Cactus to Reynosa could be extended to this Pacific area. At present, the furnaces are operating with coal imported from Canada, Australia and Colombia.

2909

CSO: 3010

#### URAMEX TO SHARPLY INCREASE URANIUM MINING

Mexico City EL SOL DE MEXICO in Spanish 6 Aug 79 Sec A pp 1, 11

[Text] Sierra de Pena Blanca, Chihuahua, 5 August--Last week, Mexico made a definite decision to begin exploiting its uranium. It will virtually progress from diapers to long pants, in a leap which should bring results within a year's time.

All the apparatus is ready, and this Sierra will be the focal point of what is believed will be a giant step toward the search for new elements with which to replace petroleum in generating energy.

The exploitation of uranium not only represents the choice of a new energy source; but it will also provide the country with a new weapon for determining its negotiating power on the international level, partially reducing the pressure besetting our petroleum sector, which has been the only support for national economic recovery thus far.

During the first days of this month, Mexican Uranium (URAMEX) approved the appropriation of a budget amounting to hundreds of millions of pesos for its management in Chihuahua. This means that there will be complete and total backing for the work involved in the prospecting, exploration, exploitation and processing of uranium in Mexico, with the nation's own technology and professionals.

Most of the budget will be earmarked for this Sierra de Pena Blanca, which the experts believe will mean to the nation, in terms of uranium, what the states of Tabasco and Chiapas, combined, mean in terms of petroleum.

There are grounds for this claim: To date, only 10 percent of the Chihuahua area has been prospected, and 100 sites have been found which show "anomalies" (the probability that uranium exists). Of that 100, only 30 have been explored; and they have contributed to the national total 5,000 tons of proven uranium reserves,, 50,000 tons of probable reserves and 55,000 tons of potential reserves.

There are in the country 10,000 tons of proven reserves, 100,000 tons of probable reserves and 225,000 tons of potential reserves.

The experts are amazed at the bountiful presence of uranium in this quiet, unusual mountain area, which extends for 80 kilometers, and which may supply the new energy metal that will replace petroleum by the beginning of the next century.

The amazement stems from a series of factors: Here, the uranium is visible virtually near the earth's surface, and the maximum level which had to be reached in the exploration drilling is 150 meters deep; whereas in the United States the drilling is done at depths exceeding 2,000 meters.

Also, the grade of the ore (the net uranium content) is nearly 2 kilograms per ton, while in the United States it is only 750 grams per ton; which makes the native industry more profitable.

Another factor which has evoked surprise among the professionals working here is that 90 percent of the uranium discovered in this state lies among igneous rocks, which contrasts with the fact that 90 percent of the uranium discovered in the industrialized nations has been located among sedimentary rocks.

The foregoing has prompted constant visits to this mountainous area by technicians from various countries, Japanese, as well as French, British and American.

All of this will now be capitalized on, as part of a definitive policy to take advantage of our uranium. With that accrued in a proven manner in this state alone, the Laguna Verde thermonuclear powerplant can be supplied, and its first phase is due to be completed in May 1982.

The first annual "recharge" for this plant will consist of 250 tons of uranium, which will be provided by France.

The uranium will be enriched with fresh water by this country, in accordance with the commitments assumed at the outset.

Starting in 1983, the uranium will be supplied by Mexico, but it will continue to be enriched in other countries which have more advanced technology, and which have obviously made the sizable investments required for the building of enrichment plants for the metal.

Mexico will remain in this industry only until the uranium, which has been previously prospected for, explored and exploited, has been processed. It will subsequently send it abroad for enrichment, and it will be returned here for use in the thermonuclear plants that are built.

The current proven reserves in this Sierra will insure a supply to Laguna Verde until at least the end of the century. For this purpose, with the budget authorized for the management in this state, work will begin this month on the construction of a plant which will process uranium in the mountains near the "El Nopal," "Margaritas," "Puerto 3," "Puerto 5" and "Nopal 2" mines, which are the ones that have already been explored.

The plant will be finished by 1982, and will have a milling capacity of from 800 to 1,000 tons of ore per day, providing an annual production of uranium oxide, known as "yellow cake" (U-3-O-8), amounting to 400 tons per year.

This treatment process consists of milling the ore obtained from the mine, that is, the uranium mixed with other metals. Subsequently, an acid lixiviation process takes place; in other words, the preparation of the uranium to achieve its concentration, which is termed "cake," to be exact.

2909

CSO: 3010

SANDINISTA LEADERS PLEDGE MODERATION

Mexico City EL SOL DE MEXICO 5 Aug 79 pp 1-A, 11-A

[Article by Roberto Aguilar: "Nicaragua Will Seek Sector Equality: Junta Defines Its Objectives to the OEM [Mexican Publishing Organization--parent corporation for the EL SOL chain]; 'We Want Changes in Freedom; They Stated They Were Not Supporting Marxism But Were Seeking Unity"]

[Text] The Provisional Junta ruling this country denied that social democracy was to be the path Nicaragua would have to choose after launching a revolutionary process which, according to the members of the Junta, will have an impact on the yearnings of many Latin American countries for independence.

When interviewed by this newspaper on the subject of the meeting which the Socialist International will be holding tomorrow, the key leaders of the Junta pointed out that Nicaragua would not follow previously beaten paths but rather would more thoroughly explore the Sandinista path characterized mainly by the equality of all sectors which will have to close the major economic and social gaps left by the nearly 45 years of Somoza's regime.

Alfonso Rodelo Callejas, in charge of the economic sector and an acknowledged social democrat, commented to EL SOL DE MEXICO that he personally feels this ideological tendency is the one that would be best able to come close to the longings of the Nicaraguan people now entering upon the most difficult phase of their revolution.

We want deep changes in freedom but we also want to break down the inequalities existing even in many social democratic countries and which we do not at all want for Nicaragua, the minister of foreign affairs, Miguel D'Escoto, asserted.

The members of the Junta who were interviewed emphasized that they would have to bring about a democracy, not one in form only, but rather a true democracy in that an effort such as that displayed by these people could not fail.

Sergio Ramirez, chairman of the governing Junta, stressed: "We will not again follow paths already taken but we cannot forget the large measure of support which the social democratic countries of America and Europe gave our revolution. Many of our combatants are of that affiliation, but many are also Marxists and the problem is not whether we are heading toward that or some other tendency, but rather that the crucial word for us at this juncture is unity."

If we do not achieve it, he asserted, we do indeed run grave risks as to what the future will hold for our people.

Rodelo Callejas, who described tomorrow's encounter from the standpoint of the social democrats led by Mario Soarez, as yet another solidarity meeting, noted that if Nicaragua has broken away from all of the schemes for revolution in Latin America, it also has the ability break up other ideological schemes which it in no way wishes to import.

Our revolution is a Sandinista one, he declared, and Sandinism is something national, the acquiring of truly nationalist values. Sandinism means equality, unity, but to realize them we will have to demand a high spirit of sacrifice one we must instill in all of our people.

"We are not in a favorable situation but our people have great spirit, we Nicaraguans have discovered our destiny."

The features and faces of these people are new because we have never before lived in freedom."

The members of the Junta concurred in asserting that despite the problems they will have to face, they are determined to bring about that new mysticism which is pressing Nicaragua forward toward the end of its road.

Rodelo Callejas commented that Nicaragua was very far from being able to depend on wealth such as Iran's people possess. "Here, our wealth is the country's 2 million inhabitants, we have nothing else."

At the meeting they are to hold today with the social democrats of Germany, the Dominican Republic, Belgium, England, Italy and other countries, Rodelo considers that those leaders are giving proof of their concern to identify themselves in one way or another with the Nicaraguan revolution. Not only was this an external expression of solidarity, but also something they hoped for, they desired, and to a large extent felt have been realized through our people's triumph.

In analyzing the entire context presented 2 weeks after taking over as the government of this country, Rodelo Callejas said the peoples of Latin America were going to be very much on the watch and would be very carefully observing the Nicaraguan process.

According to this leader, this movement will set examples and break away from old plans so as to lay down in a not too distant future the basic orientations in order to turn this continent into one of independent peoples freed of the dictatorships from which many fraternal Latin Americans are suffering.

They emphasized time and again the need for original solutions for each one of these peoples but reaffirmed their conviction that equality and social justice must be two of the conditions making it possible to realize the Sandinista ideals and today's ideals of an entire people, such as that of Nicaragua.

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NICARAGUA

SOMOZA CLAN'S STRANGLEHOLD ON ECONOMY DESCRIBED

Managua CRITICA in Spanish 18 Jul 79 pp 22-23

[Article by Gregorio Selser]

[Text] Mexico, 16 July (IPS)—Any advanced student of economics could cite the various production methods: primitive communist, slave, Asian, feudal, capitalist and communist, if we have not forgotten any.

Partly in jest and partly because it is probably now time for scholars to describe and classify that peculiar system of exploitation of peoples and nations of our America by clans and families, we have taken the liberty of tentatively suggesting "the Somoza method of production" to illustrate that boundless plethora of public and private properties and possessions, and lives and death in equal measure, in singular plundering which identifies the state with a group of opportunist profiteers formed of the property-owning and ruling classes at one and the same time.

In that immense con man's world which is our America, examples of such plundering cover the more than a century and a half of independence. The Juan Manuel de Rosas and the Gaspar Rodriguez de Francias can join hands with the Juan Vicente Gómez, Manuel Estrada Cabrera and the Arturo Arana Osorios without anyone taking a back seat. However, every one of them is a rank amateur compared to the Trujillos or Somozas who, by means of bold coups, passed from the category of "nobodies" to that of builders of powerful economic, even transnational, empires.

Rafael Leonidas Trujillo, who jumped into the saddle of power in 1930 after serving as a "constabulary" guard supporting the armed intervention of the United States (1916-1922), left 1 million hectares of land and 47,000 head of cattle at the time of his violent death on 31 May 1961. EL NACIONAL of Santo Domingo, which on 30 November 1968 published these figures extracted from the 1960 general census, included only the properties registered in the surname of Trujillo but not those of his relatives or families tied to him by friendship or the godfather system. Nor do the figures include the real properties not registered with the appropriate legal organizations. Nor do they reflect other nonagricultural-livestock holdings whose worth can only be calculated in a vague and general way, by deductive approximation.

Anastasio Somoza García, who jumped into the saddle of power in 1937 after serving as a "constabulary" guard in support of the armed intervention of the United States (1927-1933), left tens of thousands of hectares of good land and tens of thousands of fine cattle at the time of his violent death on 21 September 1956, without counting the infinite number of other businesses, properties and holdings, in his own name and those of his relatives and front men.

In the case of Trujillo, it was not difficult for the nation to recover as its own the supposedly "personal" properties of his family clan. In the case of Somoza, the fact that he was succeeded in power by his son, Luis, and later by politicians loyal to the dynasty, culminating in Anastasio Somoza Debayle, up to now has prevented an evaluation of the family's personal and real properties. In 1976, columnist Jack Anderson, of THE WASHINGTON POST, attributed to him an approximate personal worth of not less than \$500 million.

Trujillo and Somoza seized power thanks to the unlimited support of the United States. Both started with nothing, as ordinary soldiers, without a family's worth of personal fortune. Both of them built themselves up as military policemen, that is "constabularies," according to the official American title at that time. Both were characterized by the same indomitable ambition for power, closely linked with an equal and pathological desire for money, quite like plain avarice, which they shared with the various branches of the clan, in a permanent game of one hand's washing the other.

Calculations of recent date increase the personal fortune of the clan to not less than \$2 billion, including that registered in Nicaragua in his own name or those of front men and stand-ins, and that hidden outside the country, in the classical numbered bank accounts in Switzerland or the Bahamas. It is useless to ask what anyone with a bad heart wants with so much money who persists in the possession of power which was so disputed and which has come to naught. The Somozas are suffering from the same disease as the Trujillos: power which loves power per se and which protects the profits derived from the money obtained thanks to that power. It is clear that for both the Trujillos and the Somozas there are endless social-political, psychiatric explanations like those which we have barely touched upon. However, such explanations give an approximate idea of the essence of the moral corruption shared by both clans.

Nicaraguan scholars and observers at this very moment are trying to come up with other scientific explanations for the origin and nature of that disease which in the final analysis always has an economic root. Thus our joke about the "Somoza method of production" has fewer humorous implications than might have been suggested to the reader. The family economic empire was built on the blood, grief and misery of an entire people. And there is nothing funny about that. Today Nicaragua counts its dead and wounded in the thousands in less than a year and a half of frontal resistance against the dictator, that is, against the ruling business-family.

In an earlier article ("because the officers of the National Guard continue to support Somoza," on 3 June 1979), we mentioned the existence of an important 77-page study entitled, "The Incredible Fortune of the Somoza Family" (like an inventory), whose authors elected to remain anonymous for obvious reasons to protect information sources. However, the study does state that the work team included an economist, company administrator ("both with academic training in American universities"), a public accountant specializing in bank audits and an attorney versed in property registration and trading company matters. The study also mentions the fact that the group "consulted broad sectors of persons connected with industry, trade, finance and government circles," but that despite the amount of material gathered, a large part of it was not included for lack of sufficient proof.

In any event, what came out of that investigation which took several years was translated into a listing which is provided below for our readers in a form that respects the original insofar as possible. Everything considered, including the impressive but cold enumeration of names, we feel that it is a pale representation of reality; and we suspect that a more thorough investigation of the facts and figures, which necessarily and healthily must be conducted as soon as the clan is overthrown, will show that the picture is much larger than that sketched here. Much credit is due to the anonymous investigators who made this contribution to the better understanding of the "Somoza method of production." And, as in the case of the Trujillo clan, it will be one of the basic supports for the restitution of the great amount of property stolen from its natural heirs, the people of Nicaragua when the time comes, as in the case of the Trujillos.

Properties in the names of members of the Somoza family (no less than 500 in Managua), include estates such as the Somoza estate, buildings in which the embassies of Nicaragua are operating in Washington and San Jose, Costa Rica, rooming houses in the vicinity of the Irazu International Hotel, in San Jose, Costa Rica, the "Bellavista" development in Tegucigalpa, Honduras and apartment buildings in Miami Beach and Coral Gables, Florida, USA.

#### Fishing

Fish Meal Company of Nicaragua; Pesquera SOLEC, S.A. (SOLEC Fisheries, Inc.); Compania Pesquera del Mar, S.A.; Maritima Mundial Pesca; Compania de Productos Maritimos de Bluefields, S.A. (PROMARBLUE); Bio Nica, S.A.; Pescanica, S.A.; and Pesquera Intercontinental, S.A.

#### Publicity

Conglomerado de Inversiones de Centro America, S.A. (CRINCASA, a consortium comprised of: Publicidad Alfa Omega, S.A.; Editora de Publicaciones, S.A.--DEPISA--Alfatec Industrial, S.A.; Servicios Publicitarios, S.A.; SEPESA--, Artecnica, S.A.; and the magazine, VISION. With respect to the latter, it was stated recently that because of the scandal caused by the resignation of a news staff the magazine reportedly was acquired by a conglomerate of THE WASHINGTON POST.

## Ports

Puerto Somoza, on the Pacific; Puerto Isabel, on the Prinzopolka River, on the Atlantic.

## Radiobroadcasting, Television

Radio Equis, in Managua; Television de Nicaragua, S.A.

## Salt: Extraction, Commercialization

Salinas Nicaraguenses, S.A. (SAHISA).

## Blood: Extraction, Commercialization

Centroamericana de Plasmaferesis, S.A.

## Insurance

Compania Nacional de Seguros, S.A. (La Nacional).

## Sodium Chloride: Production, Marketing

Corporacion Salinera, S.A. (Olarsalina); Sosacloro de Nicaragua, S.A.;

Hercules Inc.

## Fabrics, Cloth, Spinning Mills

Hilados y Tejidos El Porvenir, S.A. and Tejidos Circulares El Porvenir, S.A.

## Land, Urban Developments

Agencias Representantes Nicaragua, S.A.; Reparto Las Americas; Agencias y Representaciones Nicarao, S.A.; Urbanizadora Polanco; and Urbanizacion y Desarrollo, S.A. (URDESA).

## Construction Pipes

INICSA; INTUCASA; and Tubos de Centroamerica, S.A.

## Travel Agencies

Arturo Cuadra and Cia; Brown y Montiel; Viajes American; and Viajes Universo.

## Agricultural Machinery

Maquinaria y Tractores (MATRA), Comercial Iberica, S.A.; INTUCASA; and Tractores, Respuesto y Accesorios Komatsu, S.A. (TRAKSA).

## Honey

Compania Agropecuaria OMETEPE, S.A.

## Medicine

Productos Farmaceuticos Solka.

## Metals

Metales y Estructuras, S.A. (METASA).

**Mining**

The Septentrion Mine Co.; La Rosita Mine Co.; Siuna Mine Co.; the Neptune Mine Co.

**Oil, Refining, Oil Pipelines**

A share of the Summa Group of the Hughes Tool Corp., Oleoductos Nicaraguenses, S.A. (CONSA).

**Newspapers**

NOVEDADES.

**Ice: Production, Sale**

Compania La Hielera, S.A.; Hielo Polar, S.A.

**Hotels**

Hoteles de Nicaragua, S.A.; owners of the Managua Intercontinental (Pan American World Airways), of which the Somozas have a number of shares; Hotel El Recreo, built with VCIE funds; Compania Hotelera Irazu, S.A. of Costa Rica; the Gran Hotel San Salvador, buildings in El Salvador; Hotel Villamona, in Madrid, Spain; as well as interests in hotel chains on the Spanish Costa Brava.

**Printing, Publishing Houses**

Editorial, S.A.

**Jewelry**

Joyeria Dreher, S.A.

**Laundries**

Lavomatic, S.A.

**Milk and Derivatives**

Compania Productora de Leche, S.A.; Compania de Productos Lacteos, S.A. (PROLACSA); Hacendados Unidos, S.A.; Leche La Completa and Nestle Alimentana (holds shares).

## Fertilizers

Sosacloro de Nicaragua, S.A.; Industrias Quimicas, S.A. (INQUISA), controlled by the Holdino [as published] Financiero Transnacional ADELA; Hercules de Centroamerica; Electroquimica Pennsalt; and Abonos Superiores, S.A.

## Finance

Interfinanciera, S.A.; Nicaraguense de Ahorro y Prestamo, S.A. (NIAPSA); Centroamericana de Ahorro y Prestamo; and Corporacion Nicaraguense de Inversiones (CNI)

## Cattle Raising

Companias Agropecuarias, S.A.; Companias Pecuarias; Agrotecnica, S.A.; Successors of A. Somoza and Cia., YZGAS de Jalapa, S.A.; La Mia, S.A.; Morrillo y Anexos, S.A.; El Murcielago (in Costa Rica), now the subject of expropriation), registered as Murcielago Ltda.; and Compania Agropecuaria La Esperanza, S.A.

## Cigarettes, Cigars, Tobacco

Tabacalera Nicaraguense, S.A. (TANIC), a subsidiary of the British Tobacco Company, in which the Somozas have shares; Nicaragua Cigars, S.A.; Hacienda La Mia, S.A.; Industria Tabacalera del Norte, S.A.; Hoyos de Nicaragua, S.A.; Gegas de Jalapa, S.A.; Centroamericana de Tabaco, S.A.

## Hams, Sausages, Pigs

## Porqueria del Regalo, S.A.

## Movies

## Teatros Aguerri, S.A.; Operadora de Cines, S.A.

## Shops

Dormicentro, S.A.; F.A. Mendieta; Television de Nicaragua, S.A.; and Tiendas Alicia

## Concrete

Concrete Premezclado, S.A.; Productos de Concreto, S.A. (PROCON); Mayco Industrial, S.A. (exploitation of gravel quarries); Maquinaria y Construcciones, S.A. (IDEM).

## Banks

Banco de Centroamerica.

Fishing Boats: Construction

Pesqueros Anticorrosivos, S.A. (PACSA).

Forests: Exploitation

Celta de Nicaragua, S.A. (50,000 hectares on the San Juan River: pine and exotic woods) which has exports amounting to \$60 million annually.

Coffee: Growing, Marketing

Agricultura, Inc.; Agrotecnica; Companias Agropecuarias, S.A.; Grano de Oro; Agroinca.

Coasting Trade, Lading

Compania de Cabotaje y Estibadores de Nicaragua (COMPABESNIC).

Lime: Production, Marketing

Mayco Industrial, S.A.

Beds and Mattresses

Doresta (belonging to the Aislite, S.A. group).

Aviation Companies

Lineas Aereas de Nicaragua (LANICA) shares held by the Hughes Tool Corporation (of the late Howard Hughes).

Sugar: Production, Marketing

Central de Ingenios y Anexos; Companias Azucarera Nacional, S.A. (CANS); Empresa Azucarera Monverman, S.A.; Central Monelimar; Central Fansa; Ingenio Piloto; CIPEGSA; Ingenio Santa Rita; Ingenio Dolores; and Ingenio Kukra-Hill.

Bananas: Production, Marketing

Collusion with the Standard Fruit Steamship Co., a subsidiary of the Castel Cook enterprise, to monopolize the purchase of bananas from small producers through credits guaranteed by the Bank of America, for subsequent export.

Asbestos, Cement

Nicalit, S.A.

### Buses, Transportation

Condor, S.A., which operates in Nicaragua; Condor, S.A., with registry in Guatemala. The former dictator of that country, Gen Arturo Arana Osorio, and his son, Tito Osorio, participate in the running of this company.

### Automobiles and Trucks

Distribuidora de Automotores, S.A. (DISMOTOR); A. Somoza y Cia. Ltda.; Compania para el Desarrollo Comercial, S.A. (COMDECOSA); Autos del Pacifico, S.A. (concessionaire of Pony automobiles which are manufactured in South Korea).

All of these companies are also importers of spare parts and have exemptions from import and use taxes. They are also the exclusive suppliers of official vehicles, patrol cars, buses for political use; and they act as alleged clandestine channels for the introduction into the country of luxury vehicles, such as Mercedes Benz, Lincoln Continental and Jaguar, stolen in the southern part of the United States.

### Warehouses

Almacenadora Nicaraguense, S.A. (ALMANICA).

### Aluminum

Aluminios Exclusivos, S.A. (ALUMEX), tied to Aislite, S.A.

### Rice: Production

Morrillo y Anexos, S.A. The consortium, which produces diamond rice, blue rice and common rice, owns the El Trillo, El Diamante and other plantations in the regions of the San Juan River, Zelaya and Jinotega. Altamira, S.A.; San Juan, S.A. (the property, along with the preceding company, of the Somoza-Urcuyo group, with plantations and facilities in Boaco and Tipitapa, producer of Caribe, Rex Oro, Tio Tono and El Cocinero brands of rice).

### Vegetable Oils and Margarines

Aceites Corona, S.A. (Seventy-six percent of the shares are owned by United Brands--formerly United Fruit--and the remaining 26 percent by the Somoza family).

### Maritime Agencies

Agencias Maritimas, S.A. (AMARNIC).

Agriculture: Exports

AGRONICA, S.A.

Savings and Loan Companies

Nicaragua de Ahorro y Prestamos, S.A. (NIAPSA), tied to the Banco de Centroamerica; Compania de Ahorro y Prestamos, S.A. (CAPSA), tied to the Banic group which in turn is part of the BANAMERICA group; Viviendas, S.A. (VIVISA); Arquitectos e Ingenieros, S.A. (AISA).

Barbed Wire

Industria de Clavos y Alambres (INCA).

Alcohol

Destileria Montelimar.

Cotton: Production, Marketing

Agricultura, Inc.; Aerotecnica, S.A.; Companias Agropecuarias, S.A.

Meat: Production, Marketing

Carnic (Productos Carnic); Matadero Igosa; Matadero CONDECA; Instituto de Fomento Agropecuario Ganadero (FAGAN), theoretically state-owned but in practice a private Somoza company; Central Meats Packers, S.A.

Cardboard, Paper, Cellulose

Envases Industriales de Nicaragua (EINSA); Papeles y Cartones de Centroamerica, S.A. (in which the Nicaragua Sugar States has shares); Celulosica Subnara, S.A.

Cement

Compania Nacional Productora de Cemento, S.A.

Matches, Powder

Compania Fosforera Momotombo, S.A.

Ceilings, Insulators, Roofs

Aislite, S.A.; Aluminios Exclusivos, S.A. (ALUMEX); Doresta; Esinca, S.A.; Nicalit, S.A.

**Computers**

**Procesos y Sistemas, S.A. (PROCISA).**

**Construction**

**Empresas de CASANICA; Maquinas y Construcciones, S.A. (MAYCO); Pnelfas e INTUCASA.**

**Leathers**

**Fabrica Nacional de Cueros y Articulos Derivados La Chontal.**

**Records and Tapes**

**Sonido Industrial, S.A. (SISA).**

**"Duty-free Shops"**

**Puerto Libre de Nicaragua, S.A.**

**Energy**

**Energeticos, S.A.**

**Foam Products**

**Espumas Sinteticas de Centroamerica (ESINCA).**

**Maritime Transportation**

**Maritima Mundial Ferry, S.A.; Mamenic Line.**

8143

CSO: 3010

NICARAGUA

COMMANDER ZERO INTERVIEWED ON POLITICAL VIEWS

Hamburg DIE ZEIT in German 27 Jul 79 p 10

[Interview with Commander Zero by Ashwin Raman: "I Am Not a Communist"]

[Text] ZEIT: Commander, weren't you sometimes afraid to fight alongside complete strangers?

Zero: We had to fight united by mutual trust. We would never have been successful without our faith in these men. Nothing is achieved in a revolution through mistrust.

ZEIT: What do you have to offer the people of Nicaragua after Somoza?

Zero: The only thing we have to offer is hardship. The rebuilding of a nation is always hard work; more so in Nicaragua, because here what is also needed is to create jobs and build schools for the long forgotten poor. Hungry illiterates are of no use to a representative democracy. The new Nicaragua will be inhabited by men who are guaranteed work, suitable housing and education. We will be a politically mature nation. I already dreamed about that before in Mexico. That was my goal when I seized the national palace last year.

ZEIT: Isn't political maturity the precondition for a democratic government?

Zero: I believe that a people's supposed political immaturity is used as a dangerous alibi to deprive it of its political rights. We do not want to use this excuse. Nicaragua must follow the path of representative democracy--with regular elections and public participation in politics--also however with a clear decision as to who should govern the country--naturally within a multi-party system. After 50 years we have had enough of a one-party state like Somoza's.

ZEIT: You belong to the TERCERISTAS, are not however a Marxist, although there are some extreme leftists in your group. The other two Sandinista groups are convinced Marxists. How great is the danger that Nicaragua will be governed by a new form of dictatorship?

Zero: Naturally there is a danger that I will be isolated; under certain conditions I might even be killed; but I do not believe that the leaders of the left wing are extremists. They are not lying however when they say that Marxism serves as their model for further discussion. On the other hand that does not mean that they will propagate solutions which have something to do with the dictatorship of the proletariat. No one has made the dictatorship of the proletariat a goal. It is clear to everyone in Nicaragua that it would be a historical absurdity if immediately after getting rid of Somoza, one of us or all of us set up some other form of dictatorship.

ZEIT: Observers have been warning against a bloody power struggle among the various factions. A spokesman of the Costa Rican government is convinced that Nicaragua can look forward to a series of uprisings similar to Mexico's after the overthrow of Porfirio Diaz.

Zero (after a long pause): Your informant in Costa Rica appears to be a prophet. Would he have believed that we would be able to overthrow Somoza so quickly? We are united by a common goal and that is to deal with poverty, and to do this we must be united. I hope that we will succeed.

ZEIT: Are there already plans for some kind of reform program?

Zero: Confiscation of all of Somoza's property, farms, coffee, sugar and tobacco plantations, grain and rice fields. There will be no more large land holdings in Nicaragua and also no more fenced-in property which no one cultivates. All mines owned by foreigners will be nationalized. Soldiers and officers of the National Guard who have cooperated with the Sandinistas will be taken into the new People's Army. Women will be on an equal footing with men. Oppression and prostitution will be abolished. Everyone will be allowed the right to express his opinions freely, and no one will be persecuted for his beliefs. All people in Nicaragua will have the right to organize politically.

8537  
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VENEZUELA

CONVENTIONAL METHODS POSSIBLE IN ORINOCO PRODUCTION

Caracas EL UNIVERSAL in Spanish 1 Aug 79 p 15

[Article: "Orinoco Belt Crudes Can Be Produced by Conventional Methods"]

[Text] Test drillings effected in the Orinoco oil belt by the operating enterprises, subsidiaries of Petroleos de Venezuela, have demonstrated that it crudes can be extracted by conventional methods. From 70 to 400 barrels daily have been obtained using pumping equipment. Various secondary recovery techniques will be used to improve production, especially those of alternating and continuous steam injection.

This statement was made by the president of Petroleos de Venezuela, Gen Rafael Alfonso Ravard, during a press conference held in Puerto Ordaz celebrating the anniversary of the Construction Council of the state of Bolivar.

General Alfonso discussed the development program in the southern region of the state of Monagas, undertaken through the Lagoven subsidiary, an enterprise which has gradually built up a complete organization in that region with a project approach and working methodology comprising more than 60 different planning facets, including environmental protection and preservation of nature. This project requires, among other things, the structuring of an urban center and strict control of waters and rivers. To preserve the natural environment, planning provides for installation of a complete water treatment system to process the brackish waters that result from the injection of steam, as well as the sewage from cities, before they are released into the environment.

Construction of the steam injection equipment and plant, and of the pipeline, will require large scale investments. After the crude has been brought to the surface, it must be treated to improve its quality by means of desulfurization and demetallization processes. This will be done by currently known and approved methods pending the perfection of others that are currently in stages of development and investigation, and some already operating in pilot plants.

General Alfonso detailed some of the characteristics of the Orinoco belt's crude: The deposits are found at depths ranging between 600 and 7,000 feet, that is, between 200 and 2,000 meters below ground level. The gravity ranges between API 7 and 18, with a sulfur content of 2 to 4 percent by weight and from 100 to 500 parts per million of metals.

To give some idea of the vast effort required to develop the Orinoco belt, General Alfonso said the program envisions building successive production modules, each with an output in the order of 125,000 barrels a day of improved crude with an API gravity of 22-23. The first module will require an investment currently being estimated at 16 billion bolivars. This assumes it will be necessary to put around 1,000 wells into production in an area of approximately 400 square kilometers. With facilities for improving crudes in the vicinity of the producing zone, it could employ some 6,000 workers for a period of 5-6 years, with a peak of 10,000 workers at various times during the developmental phase, and a permanent staff of some 1,500 to 2,000 workers plus 500 employees at managerial levels.

The project's magnitude can easily be appreciated if one considers that Petroleos de Venezuela's largest subsidiary, Lagoven, now has a managerial staff of similar size for the entire country.

Another comparative yardstick is the fact that the Venezuelan Government has invested until now around 16 billion bolivars in Sidor and that this investment has contributed to the development of a city which already has 300,000 inhabitants.

"The total of what has been done to date for Sidor in Guayana," General Alfonso emphasized, "is about what we will have to invest in developing one alone of the planned production modules in the Orinoco belt. This magnitude and these dimensions of the project bear out the extent of the national oil industry's financial self-reliance."

9238

CSO: 3010

VENEZUELA

BRIEFS

NEW BAUXITE DEPOSIT--According to conservative estimates, there are reserves of approximately 500 million tons of bauxite in Los Pijiguao, in the Cedeno district of the state of Bolivar. This information was revealed yesterday--according to a dispatch from VENPRES, the official news agency--during the swearing in of Mr Andres Yepez Pena, who was recently named president of the new state enterprise, Bauxita Venezolana, C.A. (Bauxiven). Mr Gregor Ratmiroff was also sworn in before the president of the Corporation Venezolana de Buayana, engineer Andres Sucre, and during the same ceremony, as vice-president of Bauxiven. This management, elected on 17 July, will remain in office 3 years. It was revealed on this occasion that the location of this bauxite deposit is being subjected to a mining study to determine the various states of this natural resource. Also under study is the development of a mining urban center near Los Pijiguao for families of the miners, with the aim of promoting urban development in the zone. Among the directors of the new enterprise are Edgardo Tenreiro, Samuel Luchsinger, Ramon Illaramendi. Eberto Urdaneta, Manuel Pulido, Juan Antonio Muller and Alirio Bellizia are deputy directors. Fernando Salazar is secretary of the board of directors and Pedro Mora its law representative. [Text] [Caracas EL NACIONAL in Spanish 31 Jul 79 p D-14] 9238

LIGHT CRUDE PRODUCTION--In a letter yesterday outlining the situation on current explorations now being carried out, Petroleos de Venezuela characterized as very promising the successes beginning to emerge in the Cretaceous western part of Lake Maracaibo and in the contiguous terrestrial zones extending from the western shore of the lake to Alturitas in the Perija district of the state of Zulia. Light crude is being produced at Cretaceous levels in the southwestern area of Lake Maracaibo--specifically, in Ceuta--from a well located 20 kilometers from San Lorenzo. As has already been reported, Lagoven succeeded--in its first attempt--in establishing beyond question the presence of a large gas deposit east of Margarita. The second well is now being drilled in this same region. Another large well is being drilled west of Margarita Island, near La Tortuga Island, which at a shallow depth has given indications of containing gas. Similarly, drilling continues in Vela de Coro in search of new deposits and in evaluations of known ones. A 6,000-kilometer geophysical project related to the plans for exploring the continental shelf has also been completed, and results are now being

received on 5 kilometeres of geophysical mappings carried out last year in a joint effort between INTEVEP [Venezuelan Petroleum Technological Institute] and the French Petroleum Institute, in the shelf's deeper waters. The stepped-up production effort stems from the fact that four times as much is being invested today as in 1976 in production activities and that 120 drillings have been completed this year as compared to 52 in 1976. "We plan," says PDVSA [Petroleos de Venezuela, S.A.], "to increase this figure to 140 by 1980." In accordance with the national government's policy guidelines issued through the Ministry of Energy and Mines, the oil industry has aimed to increase its production capacity and maintain it at 2.8 billion barrels daily. This objective is not attainable in the traditional area, or in a short time; its attainment will necessitate the development of new areas including offshore and the belt. Moreover, without the contribution from these new areas, productive capacity, particularly of light and medium crudes, will start to decline inexorably within some 4 years [Text] [Caracas EL UNIVERSAL in Spanish 20 Jul 79 p 3] 9238

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